



The Bermuda Fintech Strategy

OVERVIEW AND VISION

Minister Wayne M. Caines JP. MP.



THE TEAM



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Minister of Finance



**Hon. Wayne. M. Caines
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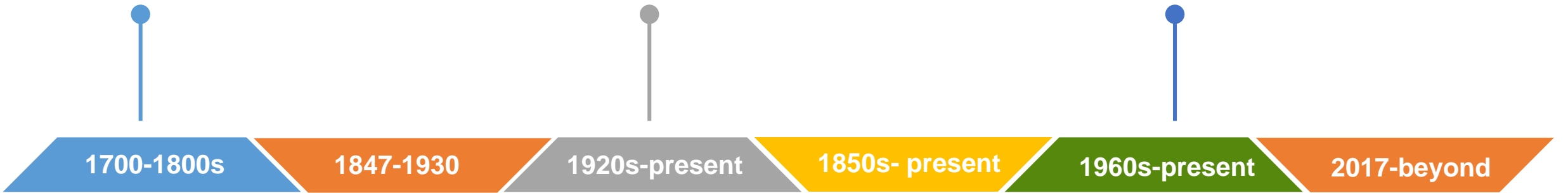


Historical Overview

Bermuda Sloops
Bermudian craftsmen build internationally renowned Bermuda sloop

Bermuda Shorts
Bermuda's iconic business attire

Insurance & Reinsurance
Bermuda establishes itself as global insurance jurisdiction



Bermuda Onion
Bermuda exports locally grown onions to US markets

Tourism
Bermuda leverages natural beauty to become global leader in tourism

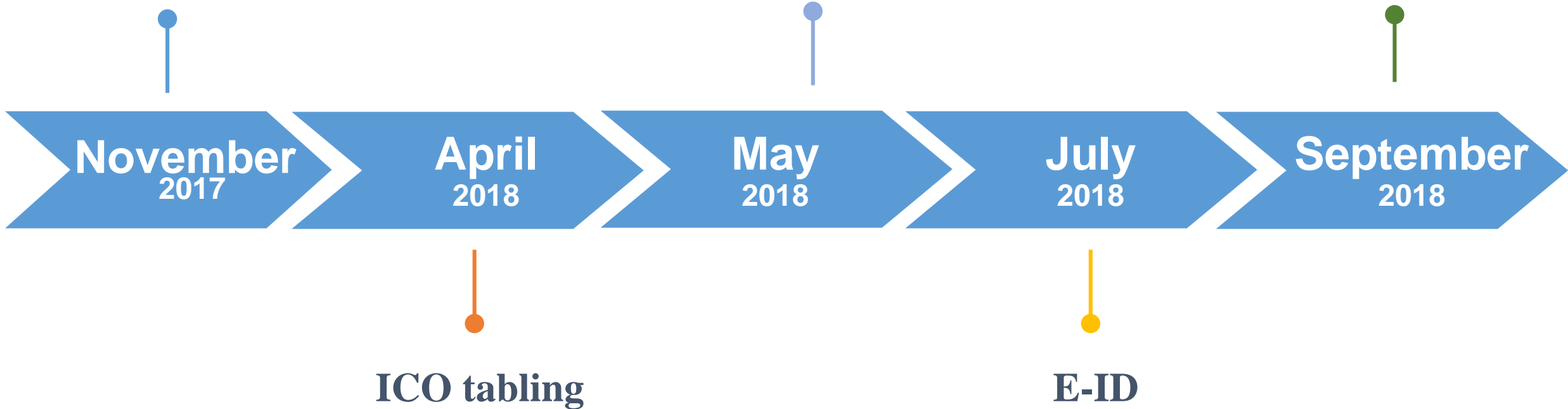
Fintech
Bermuda introduces regulatory foundation to become leader in blockchain technology

Timeline of Key Events

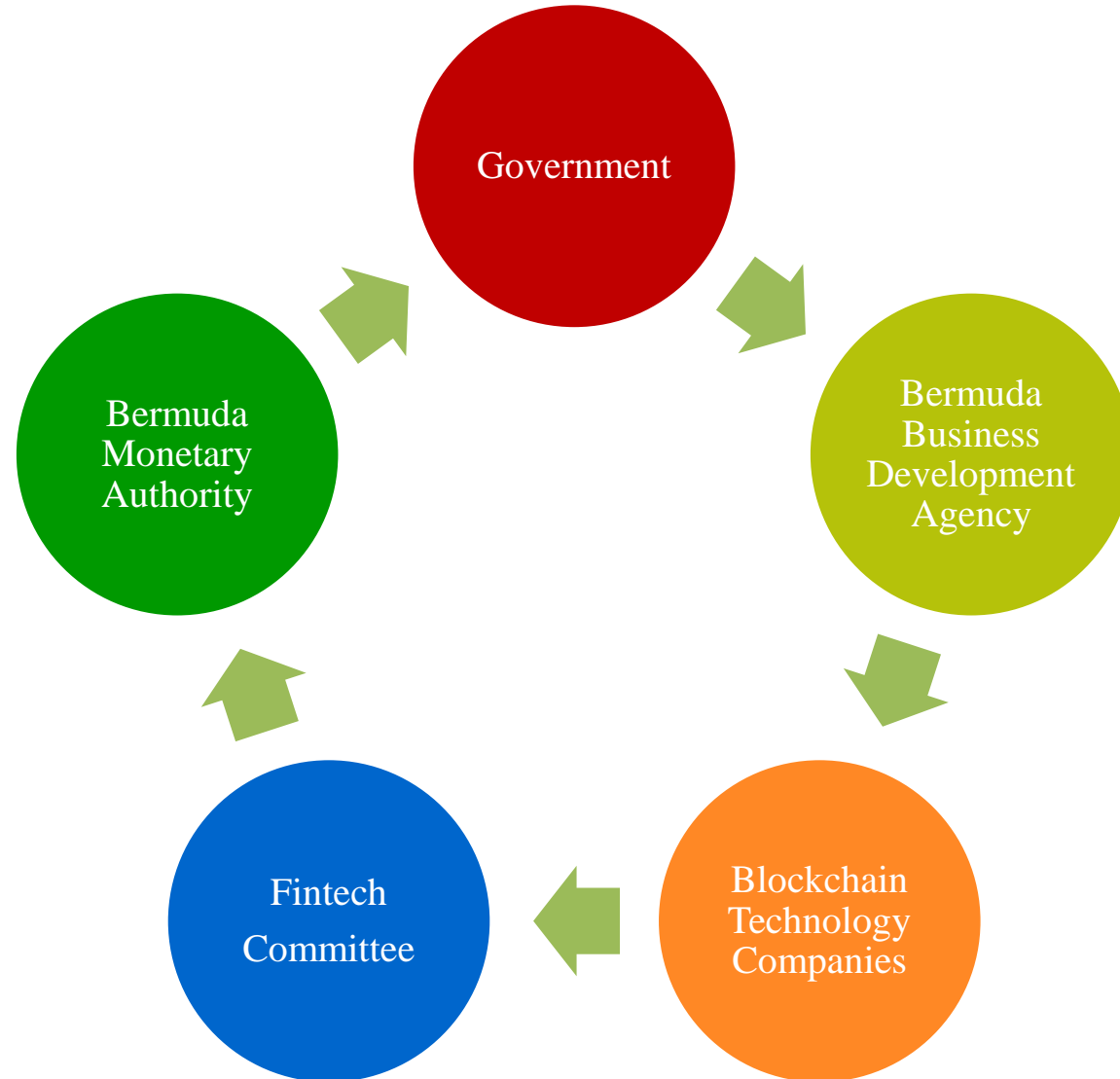
**Announcement of Regulatory
& Business Taskforce**

**Virtual Currency
Business Act**

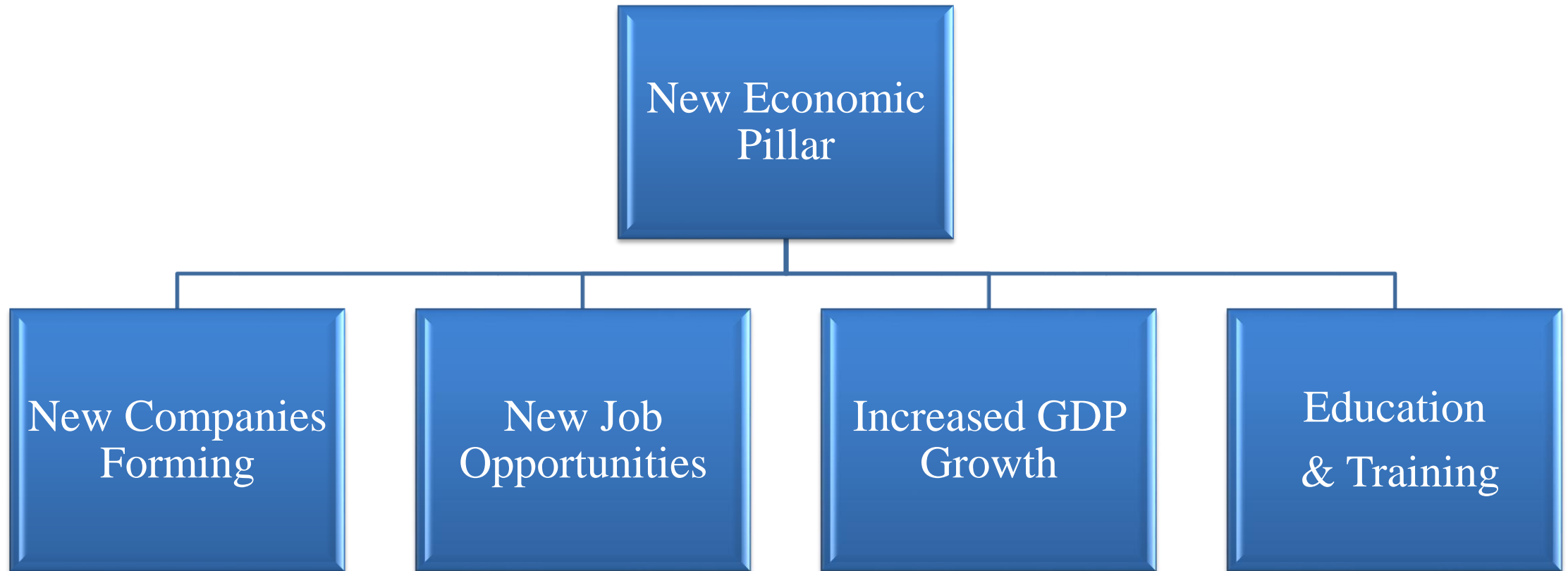
**Onboarding of
Virtual Currency
Businesses**



Key Stakeholders



Economic Impact



BERMUDA REGULATION PLAN

Loretta Joseph

Fintech Regulatory Advisor





Bermuda & Blockchain Regulation

Harvesting opportunity while mitigating risk

Implementing industry standards developed by:

- Industry experts, leading technologists, policymakers
- OECD: Directorate of financial enterprise collaboration
- Maintaining the highest standards of consumer protection, global credit rating, and highest standards of KYC AML

Consultations

With whom have we consulted?

- OECD - Directorate for Financial Affairs
- International industry bodies
 - ADCCA, DCC, CBA, BDCC, BI, GBF
 - Representatives from House of Lords
 - IMF
 - IOSCO
 - Financial Stability Board
- Other regulators
 - SEC, ASIC, FSC
- Central banks
- Ecosystem players



Role of OECD

Objectives

- **Exchange information**
 - Collaborative global efforts to develop strategies and address security and privacy concerns
- **Prevent regulatory arbitrage**
 - Establish best global practices
- **Establish legal certainty**
 - Developing and monitoring the implementation of standards for sound corporate governance in line with global principles
- **Raise awareness**
 - Education



OECD capabilities

Forum for exchange
Standards and guidance
Capacity-building



Global Practices

- Implementation and monitoring of standards for sound corporate governance
- Putting in place appropriate governance framework in line with global best practices
- It is important for the blockchain regulatory framework to ensure consumer protection of citizens, data protection, and privacy protection
- Consistent global regulatory policy



Overview

1. Blockchain is transformative
2. Government is working hard to establish best policy environment which will preserve Bermuda's credibility and reputation while enabling blockchain ecosystem to develop and mature
3. The OECD has a role to play
 - Better Policy for Better Lives



THE REGULATION OF VIRTUAL CURRENCIES

Kevin Anderson

Bermuda Monetary Authority



Virtual Currency Business Act 2018

- Collaboration
 - Bermuda Government & Bermuda Monetary Authority for VCBA

- Global Best Practices
 - There are currently no internationally defined standards relating to the regulation of VCBs



Virtual Currency Business Act 2018

- Focus of Regulatory Supervision
 - AML/ATF
 - Fraud prevention
 - Price manipulation
 - Integrity of owners
- Regulatory challenges and recommendations



Virtual Currency Business Act 2018

- Scope of activity to be captured
- Token issuance guidelines
- Components of the regulatory regime
- Consumer protection
- Licensing
- Physical presence requirement
- Enforcement powers



BERMUDA ICO BILL

Lydia R. Dickens

Government of Bermuda, Business Development Unit



Bermuda ICO Bill

- Amendments to Companies Act 1981 and LLC Act 2016
 - There will be accompanying Regulations and a Code of Conduct
- Bermuda is an early adopter of specific legislation for ICOs
 - Regulation is intended to decrease risks associated with ICOs
- Legislation was developed in consultation with:
 - Governmental stakeholders
 - Bermuda Monetary Authority
 - Bermuda Business Development Agency
 - External consultants and industry experts
 - Private-sector representatives



Bermuda ICO Bill

- ICOs will be treated as a Restricted Business Activity
 - Subject to compliance reporting
- Application for consent will be required
 - Minimum requirements for application will be set forth in regulations
 - Application will be reviewed by an advisory committee
- ICO issuer will be required to collect, verify and maintain customer identity information



Bermuda ICO Bill

- Requirements for ICO “white paper” intended to provide sufficient information to consumers
 - Some provisions modelled on existing requirements for IPOs
- Additional provisions related to:
 - Updating ICO offer document
 - General risk warning
 - Confidentiality
 - Liability for offences and untrue statements



BERMUDA E-ID

John Narraway

Bermuda Business Development Agency



E-ID: What Is It?

- National ID scheme for people and businesses
- Hybrid public- and private-sector accountability
- Single aggregation platform for KYC/AML for Bermuda
- Holder grants data permissions of specific data for a specified time
- Removes the need for multiple hard copies and “wet signatures”
- Verification network can include TCD, Utilities, World Check, etc...
- Trusted network provides consensus on data



Big Opportunity

- Provides highest levels of “gatekeeping” for the jurisdiction for crypto-business
- PIPA and GDPR harmonization
- Speed of verification for banking and financial services
- Fast track immigration for Bermudian residents
- Jurisdiction as a service



What It Is Not

- Not “Big Brother” or an invasion of privacy
- Not giving away “permanent residency” or “status”
- Not a travel document or proof of citizenship
- Not a central database



TECHNOLOGY HUB

Kevin Richards

Bermuda Business Development Agency



The Journey So Far

1. BDA 4.0 think-tank 2016
2. EY Fintech Study 2017
3. Hub Culture Innovation Campus 2017
4. TechStars 2017
5. Plug and Play Pitch Session, Silicon Valley 2017
6. InsurTech Connect, Las Vegas 2017
7. Hub Salon, San Francisco 2017
8. IndieBio Incubator Tour 2017
9. Crypto Island White Paper 2017
10. New York Roadshows 2017 & 2018
11. Davos 2018
12. Montgomery Summit 2018



Technology Hub

- Agritech
- Edutech
- Healthtech
- Life Sciences
- Regtech
- Biotech
- Fintech
- Insurtech
- Maritech
- Oceantech

Concierge Service

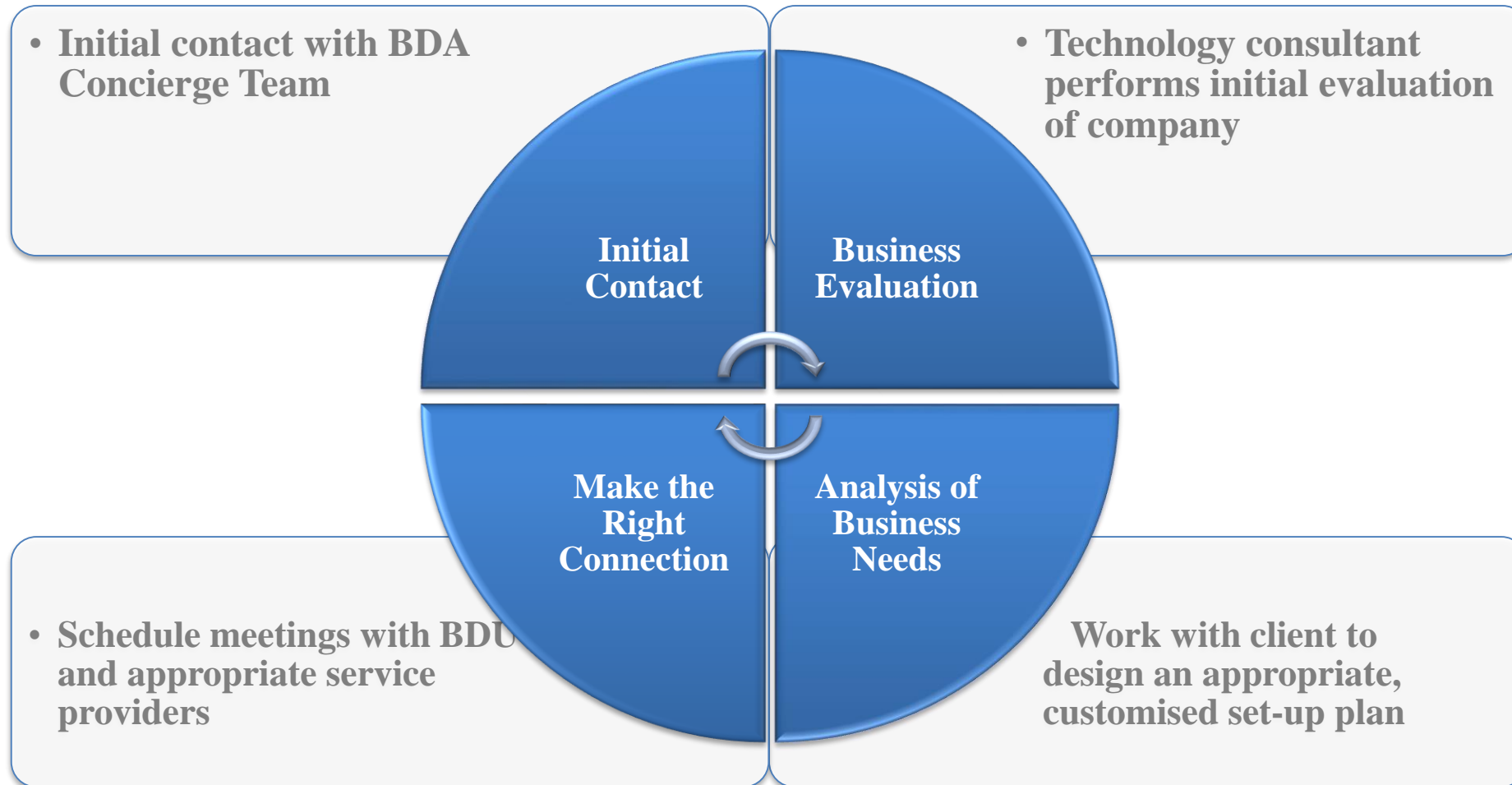
Industry Mentors

Local Domiciliation

Education of Bermudians



Concierge Is Key To Success



Bermuda Economic Impact

- 2018 BDA Economic Impact Study will quantify the impact of this initiative

| Estimated Economic Impact (millions) | |
|--------------------------------------|----------|
| 50 people | \$14.3m |
| 100 people | \$ 28.6m |
| 500 people | \$143.0m |
| 1,000 people | \$286.0m |



QUESTIONS & ANSWERS

