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PRESS RELEASE

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BERMUDA MONETARY AUTHORITY WORKING WITH INVESTMENT FIRMS TO IMPROVE THE TRANSPARENCY AND QUALITY OF INFORMATION PROVIDED TO INVESTORS

Working Group to Review the Existing Industry Code of Conduct with a Mandate to Improve Disclosure Practices

The Bermuda Monetary Authority today announced a joint initiative with industry representatives and the Pensions Commission aimed at improving disclosure practices amongst Bermuda pension providers and investment firms. The Authority has established a Working Group that will review and revise the existing code of conduct issued under the Investment Business Act 2003 (IBA).

The General Business Conduct and Practice Code of Conduct (the Code) for investment providers was published in 2004. It provides general guidance to investment providers - whether dealing with personal or institutional investments, including pension funds - as to their conduct in dealing with clients, covering such areas as avoiding misleading or deceptive representations; avoiding or disclosing conflicts of interest; providing periodic information/performance reports; disclosure of remuneration and commissions; and generally helping clients to make informed investment decisions.

“Our goal is to incorporate more explicit guidance as to the form and content of information investment firms and pension providers give to their clients,” said Matthew Elderfield, CEO of the Authority.

“This development is consistent with good international practice in that it seeks to place higher standards of disclosure on pension providers and investment firms generally to make sure individuals receive clear information about where their money or pension funds are invested, the performance of their investments, the various fees they are charged and the impact that has on their investment returns,” Mr. Elderfield added.

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“We want to be sure our regime for investment firms and pension providers remains in line with best international practice, as well as being effective and practical for the Bermuda market. We also want to ensure firms are absolutely clear about the Authority’s expectations in terms of their obligations and conduct in relation to their clients.”

With that in mind, the Authority has established a Working Group to consider and develop appropriate enhancements to the Code.

“As with any regulatory development the Authority undertakes, consultation with the market will be part of this initiative,” said Graeme Dargie, Director, Banking, Trust and Investment at the Authority. “In this instance, we want to work directly with the industry to help achieve our aim of providing better protection to investors. That is why we have established a Working Group comprising representatives from investment providers as well as staff from the Authority and our colleagues at the Pensions Commission to assist in the review of the Code. We shall look very carefully at the recommendations from the Working Group when we come to revise the Code.”

Peter Sousa, Chief Executive Officer of the Pensions Commission of Bermuda said, “With respect to private, occupational pension schemes established under the National Pension Scheme (Occupational Pensions) Act 1998, the importance of providing complete and transparent information upon which plan sponsors and plan members can make intelligent decisions cannot be overstated. The Pension Commission supports the Authority’s initiative in this regard and is pleased to be able to work with it and the industry representatives in enhancing its Code of Conduct.”

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The firms represented on the Working Group include the Argus Group, Bermuda Investment Advisory Services (BIAS), Butterfield Bank, Capital G Group, Colonial Group, Freisenbruch-Meyer Group, First Bermuda Group, HSBC Bank, Kast Investment Management, and BF&M Group. As required, a draft of the Code will be published for wider consultation before being issued in final form. The Authority anticipates that the review by the Working Group will be completed by January 2010, with a Consultation Paper being published to the market by the end of March. Allowing due time for consultation, it is expected that the revised Code will be issued by the end of the second quarter of 2010.

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