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PRESS RELEASE

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BERMUDA MONETARY AUTHORITY FINES COLONIAL PENSION SERVICES LTD. \$200,000

HAMILTON, BERMUDA – The Bermuda Monetary Authority (the Authority) has imposed a civil penalty on Colonial Pension Services Ltd. (the Company), a local entity licenced under the Investment Business Act 2003 (the Act) in the amount of \$200,000. The civil penalty is imposed on the Company for breaching a condition of the Company’s licence and for committing multiple breaches of the Investment Business (Client Money) Regulations 2004 (the Regulations).

It is a requirement of the Act that the Company comply with the terms of its licence, including any conditions on the licence. It was a condition of the licence that the Company not hold client assets, manage investments, or safeguard or administer investments. Between November 2015 and December 2017, the Company held client assets, in breach of that condition. The Authority considers licencees who knowingly or negligently conduct business in contravention of the conditions of their licence to be egregious.

Furthermore, the Company breached several of the Regulations, including the following:

- a. An investment provider shall pay all client money which it holds or receives into a client bank account;
- b. Client money and money belonging to the investment provider must be kept separate from one another; and
- c. Where an investment provider holds client money, it must either pay it as soon as possible, in any event no later than the next business day.

The Authority views the breaches as serious due to their nature and duration. The Authority took into account that the Company benefitted financially from the breaches.

In determining the appropriate level of the civil penalty, the Authority took account of the fact that the Company engaged a local accounting firm to conduct an independent compliance review to assist the Company to identify their operational weaknesses and to provide assistance to remediate the problem. The findings were addressed in a formal report, a copy of which was provided to the Authority. Furthermore, the Company has been cooperative since bringing the matter to the attention of the Authority.

The breaches outlined above were brought to the attention of the Authority in May 2018. Thereafter, the statutory process was followed. The Company waived its right to appeal.

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