



20 November 2019

Dear Stakeholders,

Consultation Paper: Proposed Fee Changes October 2019

The Bermuda Monetary Authority (the Authority) would like to thank stakeholders for their continued support of its key initiatives. The Authority is committed to working closely with its stakeholders to ensure that its proposals have taken feedback into account.

The Consultation Paper published in October 2019 set out fee revisions which fell into one of four categories:

1. Introduction of a new fee structure for the Corporate Service Provider (CSP) business sector for which fees were not revised in 2019
2. Introduction of select new or revised fees within certain regulated sectors required as a result of recent legislative changes
3. Introduction of new innovation hub-related fees
4. Correction of fees currently misstated in, or omitted from, the Fourth Schedule of the Bermuda Monetary Authority Act 1969

The Authority received limited feedback from industry stakeholders in response to the Consultation Paper, with the only submission relating to the proposed CSP fee changes. The stakeholder noted that the proposed graduated annual fee structure, based on the number of clients serviced by a CSP, was more equitable than the proposal cited in the 2018 Consultation Paper where a proposed flat fee was applied to all CSPs. The respondent had hoped, however, that the annual fees would have been even lower for the smallest CSPs.

The Authority can advise, as it did directly with the respondent, that it took a proportional approach when deriving the fees. In this instance, the Authority proposed a fee structure for CSPs based on the number of clients in their portfolio and took into account the baseline costs associated with supervising/regulating all CSPs, regardless of size, and the need for these costs to be appropriately absorbed by the relevant sector.

The Authority would like to thank its stakeholders for supporting this important initiative.

Yours sincerely,

The Bermuda Monetary Authority