



18 July 2022

NOTICE

Commencement of the Investment Business (Amendment) Act 2022

Between July 2021 and March 2022, the Bermuda Monetary Authority (Authority or BMA) issued a series of Consultation Papers (CP) to socialise proposals to update the Investment Business Act 2003 (IBA) and modernise and streamline Bermuda's investment business regulatory and supervisory framework. After consultation with industry stakeholders and subsequent refinement of the proposals, the following substantive enhancements were deemed appropriate to align the framework with international standards of best practice and ensure the regime remains fit for purpose:

- Widening the framework's scope to encompass all Bermuda-formed or incorporated entities that carry on investment business as defined, irrespective of the geography of those entities' operations;
- Replacing the existing exemptions regime with a more robust system of relevant persons' registration to allow for more effective, but still proportionate, monitoring of their investment business activities, and designation of certain regulated persons and public bodies as 'Non-Registrable Persons';
- Adding a new 'Test Licence' to provide the opportunity for eligible persons to test innovative products and methods within a controlled environment;
- Introducing 'Promotion of Investments to the Public' as a new investment activity;
- Strengthening entities' reporting requirements; and
- Introducing new rule-making powers (beyond those now in place for Alternative Investment Fund Managers).

The Investment Business (Amendment) Act 2022, which captures the abovementioned and other changes, was passed by the House of Assembly and Senate in March and assented to by the Governor on 1 April 2022. Upon taking effect, the updated IBA will be supported by amended regulations to deal with requirements for systems and controls and handling of client money; and new rules issued by the Authority, including on net assets and liquidity, as well as statutory reporting. To complement those changes, the Authority has updated reporting and application forms in line with the abovementioned framework changes and will also issue new and enhanced guidance.

The enhancements to the investment business regime will take effect on **27 July 2022**. Existing entities currently out of scope or currently exempted that will be required to be either newly licensed or registered in line with the IBA's updated requirements will have a 12-month transition period to comply with the IBA as amended. During the transition period, the Authority will work with licensees and registrants to assist them in achieving compliance.

Questions regarding the investment business regime changes should be directed to InvestmentInfo@bma.bm.