



# The revised investment business framework at a glance: Requirements for persons carrying on investment business in or from Bermuda

effective 27 July 2022

The following table summarises the key regulatory and supervisory requirements that apply to the various categories of persons carrying on investment business in or from Bermuda, being:

1. Investment providers licensed under section 17 of the Investment Business Act 2003 (Act or IBA) to carry on investment business under either of the following classes of licence:
  - **Standard licence** – permits persons to carry on one or more investment activities (subject to any limitations or conditions the Bermuda Monetary Authority (Authority or BMA) may impose)
  - **Test licence** – permits persons to carry on one or more investment activities as agreed to by the Authority in a ‘test’ manner and for a limited period, which may be extended for a further period agreed to by the Authority
2. Investment providers registered under section 17B of the Act as either:
  - a) **Class A Registered Persons** – persons formed or incorporated in Bermuda to carry on investment business, and are licensed, registered or authorised in another jurisdiction by a recognised regulator, but do not maintain a place of business in Bermuda; or
  - b) **Class B Registered Persons** – persons, classes or persons specified by the Minister of Finance as eligible to be registered, based on their providing service exclusively to:
    - i) Persons with the financial means or knowledge of investments, including high income/high net worth/sophisticated private investors, and investment funds;<sup>1</sup> or
    - ii) Fewer than 20 persons, where investment services are not provided to the public.
3. **Non-Registrable Persons (NRP)** – licensed, registered and authorised by the Authority under other regimes, or do not need to be regulated owing to their status as Bermuda Governmental/quasi-Governmental authorities or as public bodies.<sup>2</sup>
4. Questions regarding the investment business regime changes should be directed to [InvestmentInfo@bma.bm](mailto:InvestmentInfo@bma.bm).

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<sup>1</sup> The complete list of persons to whom Class B Registered Persons may provide investment services without being required to obtain a licence is set out in the Investment Business (Class B Registered Persons) Order 2022.

<sup>2</sup> The complete list of persons that have been designated as NRPs is set out in the Investment Business (Non-Registrable Persons) Order 2022.

		Licensed		Registered	
		Standard	Test	Class A	Class B
<b>Supervision</b>					
On-site examinations		✓	Exceptional cases <sup>3</sup>	Exceptional cases <sup>3</sup>	Exceptional cases <sup>3</sup>
Off-site monitoring		✓	✓	✓	✓
Risk assessments		✓	✓	✓	✓
<b>Minimum criteria</b>					
	<b>References</b>				
1. Controllers and officers to be fit and proper persons	IBA, Second Schedule paragraph 1	✓	✓	✓	✓
2. Corporate governance	IBA, Second Schedule paragraph 1A	✓	✓	✓	✓
3. Business to be conducted in a prudent manner	IBA, Second Schedule paragraph 5	✓	✓	✓	✓
• Compliance with:					
○ the IBA	IBA, Second Schedule paragraph 5(2)	✓	✓	As applicable	As applicable
○ anti-money laundering and anti-terrorist financing laws	IBA, Second Schedule paragraph 5(2)	✓	✓	✓	✓
○ codes of conduct and practice issued under section 10	IBA, Second Schedule paragraph 5(2)	✓	✓	As applicable	As applicable
○ international sanctions obligations	IBA, Second Schedule paragraph 5(2)	✓	✓	✓	✓
• Maintenance of minimum net assets (or additional capital)	IBA, Second Schedule paragraph 5(3)	✓	Where required by the Authority	Where required by the Authority	No
• Maintenance of minimum liquidity	IBA, Second Schedule paragraph 5(4)	✓	Where required by the Authority	Where required by the Authority	No
• Maintenance of adequate accounting and other records	IBA, Second Schedule paragraph 5(6)	✓	✓	✓	✓
• Maintenance of adequate systems and records	IBA, Second Schedule paragraph 5(7)	✓	✓	✓	✓
• Maintenance of adequate insurance	IBA, Second Schedule paragraph 5(8)	✓	✓	✓	✓
4. Consolidated supervision (as applicable)	IBA, Second Schedule paragraph 6	✓	✓	As applicable	No
5. Integrity and skill	IBA, Second Schedule paragraph 7	✓	✓	✓	✓

<sup>3</sup> On-site examinations of such persons will typically only be conducted in instances where the Authority has material concerns.

			Licensed		Registered	
			Standard	Test	Class A	Class B
<b>Reporting requirements (pursuant to the Act, and the Investment Business (Statutory Returns) Rules (SR Rules))</b>						
Reference	Due Date					
<b>1. Annual return (Schedule I to the SR Rules)</b>						
Annual Regulatory Information (ARI) Return (Appendix 6)	Four months after Financial Year End (FYE)	IBA, section 38A, and paragraph 3 of the SR Rules (and related Schedule I)	✓	✓	✓	✓
Annual accounts or financial statements (must be audited if holding client money)	Four months after FYE	IBA, section 10A(4) and 38A	✓	✓	✓	✓
<b>2. Quarterly return (Schedule II to the SR Rules)</b>						
Quarterly financial statement (Appendix 7)	21 days after quarter end	IBA, section 38B and paragraph 4 of the SR Rules (and related Schedule II)	✓ Unless required to submit PIR	Where required by the Authority	Where required by the Authority	No
Liquidity analysis (Appendix 8)	21 days after quarter end	IBA, section 38B and paragraph 4 of the SR Rules (and related Schedule II)	✓	Where required by the Authority	Where required by the Authority	No
Prudential Information Return (PIR) (Appendix 9) (only where required by the Authority to maintain additional capital determined by the risk-based methodology)	21 days after quarter end	IBA, section 38B and paragraph 4 of the SR Rules (and related Schedule II)	Where required by the Authority	Where required by the Authority	Where required by the Authority	No
Supplementary Quarterly Reporting Form: Contracts for Differences (CFD) with Retail Clients (Schedule II to the SR Rules) (Appendix 10)	21 days after quarter end	IBA, section 38B and paragraph 5 of the SR Rules (and related Schedule III)	Where a person does business involving CFDs with retail clients	Where a person does business involving CFDs with retail clients	Where a person does business involving CFDs with retail clients	No
<b>3. Other reporting requirements</b>						
Certificate of compliance (Appendix 5)	Four months after FYE	IBA, section 44	✓	✓	✓	✓
Notification of new or increased control	Prior to assuming (new level of) control	IBA, section 28	✓	✓	✓	✓
Notification of change of controller or officer	Within 14 days of the change	IBA, section 43	✓	✓	✓	✓