



BERMUDA

INVESTMENT BUSINESS (PRUDENTIAL STANDARDS) (RECOGNISED BODIES) RULES 2024

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The Bermuda Monetary Authority, in exercise of the power conferred by section 73(1A) of the Investment Business Act 2003, makes the following Rules:

Citation

1 These Rules may be cited as the Investment Business (Prudential Standards) (Recognised Bodies) Rules 2024.

Interpretation

2 In these Rules—

“Act” means the Investment Business Act 2003.

Minimum capital to be maintained

3 For the purposes of section 73(1A) of the Act a recognised body shall be regarded as maintaining its recognition certificate if it maintains or, as the case may be, will maintain the minimum amount of capital prescribed by the Authority.

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Capital to take specified form

- 4 For the purposes of rule 3, capital shall take the form of equity and comprise—
- (a) common stock or share capital;
 - (b) contributed surplus;
 - (c) retained earnings or deficits; or
 - (d) any other reserves deemed eligible by the Authority for the purposes of this rule.

Liquid asset requirement

5 (1) For the purposes of section 73(1A) of the Act, a recognised body shall maintain a minimum of liquid assets of three months of the recognised body's annual expenditure.

- (2) In this paragraph, a recognised body's "annual expenditure" shall be—
- (a) based on the most recent annual or annualised financial statement or accounts filed by the recognised body with the Authority under section 73B(5) of the Act; and
 - (b) calculated where the recognised body made—
 - (i) a profit in the previous year, as total revenue less profit before appropriations; or
 - (ii) a loss in the previous year, as total revenue plus loss before appropriations.
- (3) In this paragraph, "liquid assets" include—
- (a) cash and cash equivalents (i.e. cash, term deposits and marketable securities);
 - (b) prepayments, where the period of prepayment is less than three months; and
 - (c) unsecured receivables, where these are outstanding for less than 30 days.

Notifying the Authority

- 6 A recognised body shall notify the Authority forthwith, where—
- (a) it has breached any capital or liquidity requirement applicable to it; or
 - (b) it has reason to believe that it will breach any capital or liquidity requirement applicable to it.

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Half-yearly return

7 (1) For the purposes of section 73(9) of the Act, a recognised body shall file half-yearly returns in electronic format containing information as provided in subparagraph (3).

(2) If directed to do so by the Authority, a recognised body shall file with the Authority a hard copy of the half-yearly return filed in the electronic format pursuant to paragraph (1), on or before the date specified in the direction.

(3) A half-yearly return shall comprise—

(a) information in respect of the matters set out in the Schedule to these Rules, which is published separately on the Authority's website, www.bma.bm;

(b) any additional information requested by the Authority in writing.

Commencement

8 These Rules shall come into operation on 29 July 2024.

Made this 25th day of July 2024

Chairman
Bermuda Monetary Authority

[Operative Date: 29 July 2024]