



BERMUDA

**INVESTMENT BUSINESS (RECOGNISED BODIES)
(REPORTING ACCOUNTANTS) (FACTS AND MATTERS OF MATERIAL
SIGNIFICANCE) REGULATIONS 2024**

BR 76 / 2024

The Minister of Finance, in exercise of the power conferred by section 86(1) of the Investment Business Act 2003, makes the following Regulations:

Citation

1 These Regulations may be cited as the Investment Business (Recognised Bodies) (Reporting Accountants) (Facts and Matters of Material Significance) Regulations 2024.

Interpretation

2 In these Regulations—

“Act” means the Investment Business Act 2003;

“reporting accountant” means an auditor or an accountant who, under section 73D(3) and 75A(2) of the Act, is under a duty to give notice to the Authority of specified facts or matters.

Facts and matters of material significance

3 For the purposes of sections 73D(3) and 75A(2) of the Act, the facts and matters that are of material significance for the discharge of the Authority’s functions under the Act, in relation to the recognised body, are the facts and matters that arise where a reporting accountant—

- (a) identifies a material misstatement in the financial statements resulting from fraud, error or illegal acts or the consequences of them;

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- (b) concludes that there is substantial doubt as to the ability of the recognised body to continue as a going concern for a period of one year from the balance sheet date;
- (c) identifies adjustments to the financial statements which individually or in aggregate indicate to him that the previous year's audited annual financial statements or the current year's unaudited interim financial statements, prepared according to generally accepted accounting principles, issued to the shareholders were materially misstated;
- (d) identifies a material weakness in internal control;
- (e) has unresolved disagreements with management pertaining to the application of generally accepted accounting principles that could reasonably be expected to lead in the future to material misstatements of the annual or interim financial statements, prepared according to generally accepted accounting principles, to be issued to the shareholders in the ensuing financial year;
- (f) identifies any evidence of deliberate attempts by a chief executive or other senior executive to mislead the Authority through the provision of materially false or misleading information; or
- (g) identifies evidence of fraud or attempted fraud by a chief executive or other senior executive, or has concerns of such a serious nature as to damage materially his confidence in the integrity of the senior management of the institution.

Meaning of "material weakness in internal control"

4 For the purposes of regulation 3(d), "material weakness in internal control" means a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the recognised body's annual or interim financial statements will not be prevented or detected on a timely basis.

Commencement

5 These Regulations shall come into operation on 29 July 2024.

Made this 25th day of July 2024

Premier and Minister of Finance

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[Operative Date: 29 July 2024]