

FDC RESEARCH: The Bahamas: A New Regulatory Option for A Forex Broker License

By Peg Reed, COO, Forex Development Corporation

BROKERS LOOKING FOR AN FX LICENSE ARE INCREASINGLY LOOKING TO THE SECURITIES COMMISSION OF THE BAHAMAS.

February 28, 2017 - There is a new option gaining status for forex broker licenses and binary options dealers. It is not actually new, but the financial services regulator in The Bahamas is getting quite a lot of attention from forex brokers and binary options dealers seeking a business-friendly jurisdiction.

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Located just 80 kilometers southeast of the United States, The Bahamas is historically a base for US and European asset managers, and hosts some of the biggest financial services firms with a thriving community managing upwards of \$800 billion.

The Securities Commission of The Bahamas (SCB) is certainly a regulator that should be considered if you are looking for a forex broker license or seeking an alternative to your current jurisdiction.

1. English Law

The Bahamas is a former British Crown colony and its stable parliamentary democracy has been built upon English law.

2. Not a Tax-Haven Country

The country is on everyone's good list, meaning it doesn't come with the dubious distinctions of notorious tax-haven countries.

3. Reasonable Banking Requirements

Opening a bank account is not as difficult as other jurisdictions, even those which are EU equivalent.

4. Global AML Policy

Its government complies with global Money Laundering guidelines and Common Reporting Standards established by the OECD.

5. Recognized Jurisdiction

US, UK and European financial institutions view Bahamas-based companies in a positive way; therefore, establishing business relationships is easier.

Although it is not the least expensive jurisdiction in which to operate, it is fast, secure and professional. The Bahamas' highly regarded regulator, the SCB, deals fairly balancing the needs of its financial services community with international standards. (Financial Services is the second-largest contributor to The Bahamas' GDP behind tourism).

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The quality of SCB regulation and stability of government is something that should not be over-looked and quite frankly in this regulatory environment should seriously be considered. An SCB Broker-Dealer license corresponds with a Forex broker license or binary options dealer. Here are the basic requirements for a Forex and CFD market maker license:

- A physical presence, meaning a secure office space;
- At least one local director of the company Staff including a local Chief Executive Officer and Compliance Officer; and
- A sound business plan and suitable compliance standards Minimum capital adequacy of \$300,000 is required.

About the Author:

Peggy S. Reed, COO

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Ms. Reed joined Forex Development Corporation in August 2016 as its Chief Operating Officer. As COO, Ms. Reed is leading Company's operations with the primary focus on scaling customer base, managing customers, and expanding operations globally. Further, Ms. Reed overseeing sales, marketing, business development and implement Company's aggressive institutional OTC B2B strategy.

Ms. Reed is an experienced professional in the financial services industry for over eighteen years. Ms. Reed was a successful institutional currency trader for firms such as Barclays, Bank of America. Credit Agricole, and AIG. Ms. Reed managed multi million of dollars for hedge funds, large corporates and central banks throughout the world. In early 1999, she started the first ECN trading platform with a group FX professionals and designed a state-of-the-art and one of the first prime broker systems to accommodating customers to trade across many bank venues through 'give up' agreements. In 2006, Knight Securities acquired the ECN company for \$89 million, resulting in a very high return on capital for investors of ECN company from an initial investment of \$14 million.

In January 2006, Ms. Reed became the head of global sales and trading of Lava Trading, a subsidiary of Citibank. Under her leadership, revenue of Lava Trading increased from \$65 million to \$130 million.

From February 2008 to February 2010, Ms. Reed focused her services as an FX consultant for several retail brokers, where she build their foundation in the B2B market to increase their sales and marketing division. Ms. Reed is an expert in Asian FX Market, with special insights in South Korea, where she made InterbankFX as one of the leading online brokers. From February 2010 to February 2013, Ms. Reed was appointed as the Global Head and became the second in command for GFT/Gain Capital. Ms. Reed was responsible for business development of FX and CFDs for Gain Capital resulting in a profit of approximately \$80 million. She gained deep expertise and knowledge, and enhanced her network, especially for CFDs business in Japan.

Ms. Reed received a degree in 1983 in Economics from the University of Southern California.