

BELIZE:

INTERNATIONAL FINANCIAL SERVICES COMMISSION
(CAPITAL REQUIREMENT) REGULATIONS, 2020.

ARRANGEMENT OF REGULATIONS

PART I

Preliminary

1. Citation.
2. Interpretation.
3. Application.

PART II

General Capital Requirement

4. Deposit of capital.
5. Excluded countries.
6. Acceptable rating and Capital.
7. Licensee of a group of companies.

PART III

General

8. Obligation of licensee.
9. Savings.

SCHEDULE

BELIZE:

STATUTORY INSTRUMENT

No. 2 of 2020

REGULATIONS made by the International Financial Services Commission, with the approval of the Minister, in exercise of the powers conferred upon it by sections 7 and 28 of the International Financial Services Commission Act, Chapter 272 of the Substantive Laws of Belize, Revised Edition 2011, and all other powers thereunto it enabling.

(Gazetted 4th January, 2020.)

PART I

Preliminary

1. These Regulations may be cited as the

Citation.

INTERNATIONAL FINANCIAL SERVICES
COMMISSION (CAPITAL REQUIREMENT)
REGULATIONS, 2020.

2. In these Regulations –

Interpretation.

“capital requirement” means the requirement in respect of capital which must be met by a person licensed by the Commission;

“dollar” or “\$” means dollar in the currency of the United States of America;

“licence” means the licence issued by the Commission to an IFS Practitioner or to a managing agent;

“licensee” means a person to whom a licence is granted under the Act.

Application. 3. These Regulations shall apply to an IFS practitioner and a managing agent.

PART II

GENERAL CAPITAL REQUIREMENT

Deposit of Capital. 4. (1) Prior to the issuance by the Commission of a licence, the applicant company shall satisfy the Commission that it has fully paid-up and unimpaired capital in the amounts set out in the Schedule in respect of the service or activity for which the licence is being applied, and that such capital has been deposited in accordance with in these Regulations.

(2) The applicant for a licence under these Regulations may deposit its capital in a Bank or other licensed financial institution that is located in a Zone A country.

(3) The Commission in satisfying itself that an applicant has fully paid-up and unimpaired capital may consider the acceptance of an undertaking, in writing in the English language, from a bank or other licensed financial institution that funds equivalent to the amount set out in the Schedule has been attributed or pledged as capital which shall not be removed, reduced or encumbered unless authorised, in writing, by the Commission.

(4) For the purposes of subregulation (1), a Zone A country means –

- (a) Belize;
- (b) any other country that is a full member of the Organisation for Economic Cooperation and Development;
- (c) any other country that has concluded special lending arrangements with the International Monetary Fund associated with the general arrangements to borrow; or
- (d) any other country, which the Commission determines to be acceptable for the purposes of a bank or financial institution in that other country qualified to hold the capital deposit of a company intending to or has been carrying on, transacting or providing international financial services.

5. (1) A bank or financial institution in a country that falls under any one or more of the following criteria shall not qualify to hold the capital deposit of a company licensed pursuant to these Regulations:

Excluded countries.

- (a) any country falling within regulation 4(4) (b) or (c) which reschedules its external sovereign debt is precluded from Zone A for a period of five years commencing on the date of its rescheduling;
- (b) a country whose credit rating for its long-term liabilities in foreign currency is lower than its investment grade credit rating;
- (c) a country that has no credit rating of long-term liabilities and whose yield to maturity and remaining duration is not comparable with those of its long-term liabilities with an investment grade credit rating;

(2) For the purposes of subregulation (1) –

“investment grade credit rating” means a rating that falls within the range of an investment grade credit rating as defined by a credit rating agencies, namely, Moody’s Investors Service, Standard and Poor’s, Fitch Ratings, or any other appropriate credit rating agency.

Acceptable
rating and
capital.

6. (1) The quality of investment grade credit rating that may be acceptable by the Commission shall be in accordance with the following:

(a) in respect of a high credit quality:

- (i) Aaa or AAA;
- (ii) Aaa1 or AA+;
- (iii) Aa2 or AA;
- (iv) Aa3 or AA-; or
- (v) A1 or A+.

(b) in respect of a medium credit quality:

- (i) A2 or A;
- (ii) A3 or A-;
- (iii) Baa1 or BBB+;
- (iv) Baa2 or BBB; or
- (v) Baa3 or BBB.

- (c) in respect of any other investment grade credit rating, an equivalent high or medium credit quality.

(2) The Commission may –

- (a) accept the capital held in cash or cash equivalents that is a marketable security with the acceptable investment grade credit rating and maturity of less than ninety days;
- (b) determine by policy the manner by which capital may be retained by the applicant in respect of any category of licence.

7. (1) If the licensee or person to whom a licence is to be granted, is a part of a group of companies, such licensee or person may request the Commission to accept a parent company guarantee from the parent company of the group of companies on behalf of a subsidiary for which a licence is granted or is to be granted.

Licensee of a group of companies.

(2) The Commission may grant an approval under subregulation (1) if the following conditions are met –

- (a) that the parent entity must be –
 - (i) a legal entity established under the laws of Belize or listed on recognized stock exchange acceptable to the Commission;
 - (ii) in existence and continuously operating for at least 3 years from the date of request for the approval; and
 - (iii) able to show audited accounts available for the immediately preceding three years.

- (b) that the parent entity is a majority shareholder of the licensee;
- (c) that the parent company guarantee –
 - (i) is issued under a resolution of the Board of Directors of the parent entity;
 - (ii) is legally enforceable in Belize;
 - (iii) reinforces that the parent entity will prevent the licensee's capital from becoming deficient as a result of experiencing a loss on such an exposure (as confirmed by a legal opinion addressed to the licensee); and
 - (iv) is explicit, unconditional, irrevocable and direct agreement;
- (d) that the parent entity will remedy any breach, fulfill any obligations, or cover any losses incurred by the licensee and if necessary, will assume the full amount of the capital exposure;
- (e) that the parent entity must be, in the opinion of the Commission, a continuing source of financial strength for the licensee and can at any time assume the exposure itself without putting itself at risk of insolvency; and
- (f) that the exposure, of the capital requirement, covered by a parent company guarantee should not exceed 25% of the parent's equity.

PART III

GENERAL

8. A licensee, in respect of a Zone A country in which the bank or financial institution holding its capital pursuant to regulation 4 is located, shall – **Obligation of licensee.**

- (a) on at least an annual basis, conduct its own assessment of risk of credit worthiness of that country; and
- (b) provide to the Commission, as soon as possible thereafter, a report on the results of the assessment conducted.

9. (1) A licensee existing prior to the date of commencement of these Regulations that has met the capital requirement pursuant to the provisions of the International Financial Services Commission (Licensing) Regulations, which was revoked by Statutory Instrument No. 1 of 2020 may continue to hold its capital established under those provisions, and such capital shall be deemed to have been established under these Regulations. **Savings.**

(2) The licensee existing prior to the date of commencement of these Regulations shall ensure that it is in compliance with any provision of these Regulations within one month of the date of commencement of these Regulations.

BELIZE:

[Reg. 4(1) & (3)]

SCHEDULECAPITAL REQUIREMENTS

<u>Service or activity for which the licence is being applied</u>	<u>Paid up and unimpaired capital required US\$</u>
1. Formation or management of international business companies or other offshore companies	10,000.00
2. Trust formation and management of offshore trusts and provision of trustee services	15,000.00
3. International asset protection and management	25,000.00
4. Money transmission services	75,000.00
5. Payment processing services	75,000.00
6. Trading in foreign exchange	500,000.00
7. Trading in financial and commodity-based derivative instruments and other securities (e.g. futures, options, interest rates, foreign exchange instruments, shares, stock, contracts for differences, etc.)	500,000.00
8. Money brokering	75,000.00

- 9. Money lending and pawning 75,000.00
- 10. Money exchange 75,000.00
- 11. Safe custody services 50,000.00
- 12. Accounting services 25,000.00
- 13. Brokerage, consultancy or advisory services in any of the above category of services 50,000.00
- 14. Managing services in any of the above category of services 50,000.00,

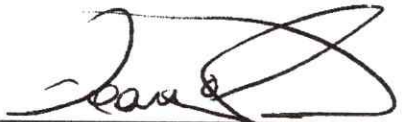
Provided that, with the exception of items nos. 6 and 7 above, where more than one licence is to be granted, the capital required may be the higher value of the paid up and unimpaired capital required for the licences.

MADE by the International Financial Services Commission this 30th day of December, 2019.


JOSEPH WAIGHT
 Chairman

International Financial Services Commission

APPROVED by the Minister responsible for International Financial Services his 30th day of December, 2019.



(RT. HON. DEAN O. BARROW)

Minister responsible for International Financial Services

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