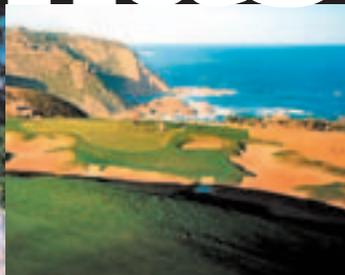
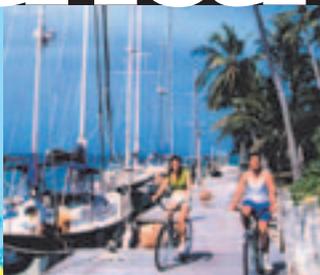




Bahamas



LENNOX PATON

A jurisdiction of professionals

Lennox Paton, a major commercial law firm actively engaged in The Bahamas' vibrant economy maintains an office in London, contributing to the robust connection between the two jurisdictions. Staying tuned to the world is vital to The Bahamas, and Lennox Paton leads in an environment that brings record foreign investments, mega-developments and unprecedented numbers of international property buyers.

The country's visionary regulatory model and assets invite the expansion of financial services. Brian Simms, senior partner, says "The Bahamas is not just a jurisdiction of legislation, it is a jurisdiction of service providers, with nearly 300 physically present banks. We have accountants, lawyers and many people trained in investment funds, trusts and banking. There are vast resources for anyone wanting to do business".

Lennox Paton is a Tier 1 law firm as ranked by Euromoney IFLR 1000, and helps to chart the course of business with insight. Simms points out that a finely tuned regulatory model "may ultimately determine whether or not your business will be successful." ●

Hubert Ingraham returns

On May 2, 2007, Hubert Ingraham was returned as prime minister of The Bahamas for the third time. His first term came after the historic 1992 election when his Free National Movement unseated the Progressive Liberal Party. He was re-elected to a second consecutive term in 1997. In fulfillment of an election pledge, he stood down as leader prior to the 2002 general election which saw his party defeated. Now, five years later, Mr Ingraham has returned to govern this archipelago of 700 islands 50 miles off the coast of Florida.

Faced with an economy in recession in 1992, Prime Minister Ingraham embarked immediately upon a successful policy of attracting foreign direct investment into a blighted tourism sector, reigned in government spending and reduced government bureaucracy in a range of public services to encourage a business-friendly environment. This resulted in rapid expansion of the economy and the creation of some 40,000 jobs with unemployment falling to single digits for the first time since the 1960s.

A rejuvenated tourism sector and a strengthened financial services sector provided the solid foundation needed for recovery from the economic slowdown of 2001-2002 brought on by the Sep-

tember 11 attacks on the United States and the US recession.

During the five-year term of former Prime Minister Perry G. Christie, foreign investment inflows continued, most notably from Kerzner International which undertook the third phase of the redevelopment and expansion of its Paradise Island properties, and the pre-2001 economic vibrancy was restored.

An aggressive plan with attractive investor concessions and incentives was implemented to draw large scale tourism development to the Family Islands and facilitate the sales of significant landholdings for foreign residential-enclave developments, resulting in the conclusion of large numbers of investment agreements between 2002 and 2007.

Prime Minister Ingraham has pledged to continue and to build upon the business-friendly policies developed during his previous terms in office while paying close attention to the social and environmental impact of mega development projects upon Bahamian communities, including the long term sustainability of such projects. He is especially interested in protecting the historic nature of small communities in the Family Islands, and of ensuring that the benefit of development accrues to both investors and Bahamians. ●



Hubert Ingraham
Prime Minister
The Bahamas

With Lennox Paton, it's smooth sailing

As the leading commercial law firm in the Bahamas, Lennox Paton is widely recognised for its expertise, professionalism, responsiveness and commitment to excellence.

The diversity of our team and the unique contribution of all its members sets us apart from the competition and we are, above all, dedicated to providing our clients with responsive and professional advice and solutions to all their legal matters.

LENNOX PATON

www.lennoxpaton.com

FINANCE

New government throws its weight behind financial services sector



The third Ingraham administration is committed to maintaining The Bahamas' status as the world's leading offshore finance centre

Upon assuming office this year, Prime Minister Ingraham was quick to assure the country that his new government would be active in making sure that the Bahamian financial services sector remains attractive, internationally competitive and adequately regulated. The 2005 recipient of the Banker Magazine Award for Best International Financial Centre in the Western Hemisphere, The Bahamas is the leading offshore financial centre in the world, and its rapidly expanding financial services sector increases in importance in terms of economic value for the country each year.

Known as the 'Switzerland of the Western Hemisphere', The Bahamas became the world's first offshore financial centre in 1908 when the Royal Bank of Canada opened its doors in Nassau to provide financial services to Canadian winter residents. Today, The Bahamas' full range of financial services includes banking, trust, investment fund administration, capital markets, investment advisory services, accounting and legal services, e-commerce and insurance. The country is also

one of the world's foremost private wealth management centres.

The Bahamas' business infrastructure, its solid reputation as a transparent, stable, blue chip jurisdiction, and its sound legislative procedures have made it a key operational base for many of the world's most recognised and respected banking and financial organisations. A tightening of restrictions and the introduction of new legislation in 2000 designed to improve regulation and prevent money laundering, which included the creation of a Financial Intelligence Unit and the enforcement of 'know-your-customer' rules, meant the end for nearly half of the International Business Companies registered in the country at the time. Nevertheless, The Bahamas has preserved its crucial tax neutrality advantage, and now it packs a more powerful punch with strengthened credibility as a well-regulated and responsible international financial centre.

Convinced the financial services sector is an essential component of the future growth and diversification of the economy, and that further growth is guaranteed, the prime minister and his new government have expressed their intention to work towards maintaining competitiveness while continuing to comply with international standards.



Its transparency and stability have made The Bahamas a key operational base for many companies

Mr Ingraham, who has emphasised the need for The Bahamas to be vigilant in developing and maintaining a competitive brand, has pledged a number of initiatives to strengthen the sector's position, including maintaining the country's status as a low-tax jurisdiction and continuing to advocate for a level playing field for standards. His 2007 manifesto also addresses issues of slow bureaucratic procedures, and he has promised to ensure the timely amendment of legislation pertaining to the financial services sector in addition to reducing overlap in regulatory regimes. Along these lines, the prime minister has also pledged to facilitate an adequate number of professional and administrative professionals in the legal and judicial services.

Another priority for the new government is providing the financial services sector with the latest high tech. To this end, the prime minister has said that he will ensure the availability of modern, reliable and affordable telecommunications services to the sector. ●

THE BAHAMAS

The Bahamas has developed a very strong position of excellence in financial services. The unique combination of strengths in the area of private and investment banking services, trust and fiduciary services and corporate services highlight why the Bahamas is seen as a leading financial centre.



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7. Proactive incentives for investment
8. Essential public services and modern infrastructure
9. A common law system with independent judiciary
10. Sound economy guided by prudent fiscal policy

www.investbahamas.org

BTC

Wired! BTC has connected the islands for new growth



The quality of The Bahamas Telecommunications Company has long been evident in Nassau's mega financial centre. Now the company is empowering tourism's reach

The Bahamas' telecommunications sector is the backbone of the tourism and financial services industries and, as Prime Minister Ingraham has pointed out, the future growth of both sectors is dependent on the strength of telecommunication services in the country. This is a fact that The Bahamas Telecommunications Company (BTC) is well aware of. The state-owned giant has been the regulator and provider of telecommunications services in The Bahamas for more than 100 years, and has spent the last two upgrading infrastructure, including placing a fibre optic submarine cable to connect the country's Family Islands. This year BTC is ready to reap the rewards of its efforts.



Mr. Leon Williams,
President & CEO
of BTC

CEO Leon Williams comments, "2007 should be a banner year for BTC in terms of revenues and profitability. Throughout 2005 and 2006, we were putting a platform in place that would allow us, moving forward, to develop the synergies required to converge technologies, while providing next generation networks. We are tipping the scale in terms of the technologies employed."

An important focus of the new infrastructure has been to provide better and more reliable service to the islands involved in the government's Anchor Projects. According to Mr Williams, service in the past has often been interrupted during hurricanes, sometimes leaving the smaller islands without any connection for extended periods of time. With new tourism development taking place, specifically on many of these smaller islands, BTC has ensured that this is no longer a concern.

"Every year, we get these unwelcome visitors, like Jeanne and Floyd. And when they come, they do extraordinary damage to the telecommunications network; in the case of Jeanne, it was \$15 million, and in the case of Floyd, it was \$9 million," Mr Williams explains. "When this happens, it isolates pockets of citizens on different islands, and sometimes it takes up to a week before we start getting them back in the national network. With the new cable in place, the government can actively seek investment in these islands, whether it's Abaco, Eleuthera, Mayaguana or San Salvador."

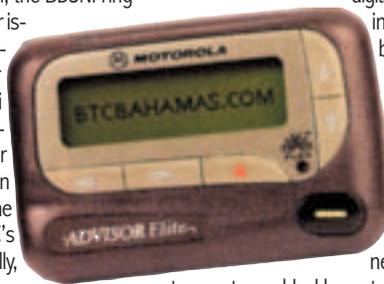
Mr Williams says that between 2005 and 2006,

BTC spent \$66 million in submarine cable. The cable between Bimini and Grand Bahama represented an investment of over \$6 million; the BDSNI ring network that now connects 14 other islands rang in at \$16 million; and finally, the company installed a spur between The Bahamas and Haiti that gives the latter a fibre optic connection to the rest of the world for the first time in its history. In addition to allowing Haitians access to all the new technologies, the cable is BTC's first step in positioning itself globally, adds Mr Williams.

BTC is The Bahamas' dominant fixed operator and holds an exclusive license in cellular mobile services. It laid the country's first submarine telegraph cable in 1892, and installed its first telephone exchange in 1906. Today, BTC offers modern networks that provide high-speed communication services via fibre optics, copper, coaxial, satellite and wireless media. Its portfolio covers telephone networks, fax, telex, cellular radio telephone and private line services, pack-

et switching, satellite leasing and radio licensing. It currently has more than 64,000 phones in a 100% digital, fully automated switching system. BTC has also begun construction on a \$200 million GSM network that will make the technology "ubiquitous from Grand Bahama all the way down to Inagua in the south," says Mr Williams, adding that the network will enable customers to use blackberry technology and telephone Internet on the islands, and will allow the company to provide a roaming service.

For now, BTC can afford to relax and enjoy the fruits of its labours. "If you want one gigabyte, two gigabytes or Ethernet, it's all available through the submarine cable. If investors come tomorrow and want connectivity next week, it is available to them, whether it is high-speed Internet access, broadband, cellular connectivity or landline," he adds. ●



CENTRAL BANK OF THE BAHAMAS

Consolidating a position of strength



The financial services sector contributes approximately fifteen per cent of Gross Domestic Product, second only to tourism. Last year, there were more than 4000 people employed in the sector. The sector has grown to comprise onshore and offshore financial institutions, with some 250 bank and trust companies, 68 insurance companies, 484 registered collective and investment schemes (CIS) and 340 financial and corporate service providers. Top-tier banks and trust companies representing six of the ten largest global banking groups are present in The Bahamas.

Protecting the soundness of the financial system, investments and insurance of consumers and ensuring that competition occurs safely and within clearly established rules are among the key Mandate of the six domestic regulators, including the Central Bank. To address these objectives, financial sector legislation has been updated to encompass guidelines dealing with customer due diligence, reporting requirements, record keeping, anti-money laundering and countering the financing of terrorism.

Legislative enhancements and innovative products offerings continue to support the competitive position of The Bahamas. Recent initiatives include The Foundations Act, the Investment Funds Act that provides for SMART Funds, and the introduction of Private Trust Companies. The successful implementation of these initiatives is supported by a strong public-private partnership between domestic regulators and industry stakeholders. The recent "Best International Financial Centre in the Western Hemisphere" award, given to The Bahamas by The Banker magazine, demonstrates the success of this strong public-private partnership.

Another feature of the financial services sector is the co-operation between Bahamian and international regulators, domestically facilitated through the Group of Financial Services Regulators (GFSR), and internationally through representation in relevant regional and international standard-setting bodies, by means of bilateral contacts, MOUs and regular IMF reviews. ●



Wendy Craig,
Governor of the
Central Bank
of The Bahamas

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