

A BILL

entitled

BERMUDA PUBLIC ACCOUNTABILITY AMENDMENT ACT 2017

WHEREAS it is expedient to amend the Bermuda Public Accountability Act 2011;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Bermuda Public Accountability Act 2011 (the "principal Act"), may be cited as the Bermuda Public Accountability Amendment Act 2017.

Amends section 2

2 The principal Act is amended in section 2 by repealing the definition of "Public Interest Entity" or "PIE" and substituting the following—

“Public Interest Entity” or “PIE” has the meaning assigned to it in section 2A;”.

Inserts section 2A

3 The principal Act is amended by inserting after section 2 the following new section—

“Meaning of Public Interest Entity or PIE

2A (1) Subject to subsection (3), in this Act “Public Interest Entity” or “PIE” means an entity that is audited by a PIE public accountant and that is—

- (a) listed and trading securities on the Bermuda Stock Exchange as a domestic issuer;
- (b) listed and trading securities on any stock exchange in the European Union member states or such other jurisdiction as the Minister by order may specify;
- (c) licensed as a deposit-taking business under the Banks and Deposit Companies Act 1999;

- (d) registered under the Insurance Act 1978 as—
 - (i) a Class 4 or Class E insurer;
 - (ii) a Class 3A, Class 3B, Class C or Class D insurer, where such insurer underwrites more than ten percent of its business by premium volume in the retail business; or
 - (e) authorized as an investment fund under the Investment Funds Act 2006 and listed and trading securities on the Bermuda Stock Exchange.
- (2) The Minister may, by Order, amend subsection (1) to vary the definition of Public Interest Entity in such manner as he may deem appropriate.
- (3) The definition of Public Interest Entity under subsection (1) shall not apply, in any financial year, to an entity under subsection (1)(a), (c), (d) or (e) in the case where such entity has a shareholder equity that is, or net assets that are, valued at less than \$10 million pursuant to the entity's latest audited financial statements.
- (4) For purposes of—
- (a) subsection (1)(a), “domestic issuer” means an entity which is incorporated or otherwise established in Bermuda, but which is not an exempted company;
 - (b) subsection (1)(d)(ii), “retail business” has the meaning assigned to it in section 30JA(2) of the Insurance Act 1978.”.

BERMUDA PUBLIC ACCOUNTABILITY AMENDMENT BILL 2017

EXPLANATORY MEMORANDUM

This Bill amends the Bermuda Public Accountability Act 2011 (the “principal Act”) to broaden the scope of the definition of the term “Private Interest Entity” or “PIE” so as to include companies listed and trading securities on the Bermuda Stock Exchange as domestic issuers, banks licensed under the Banks and Deposit Companies Act 1999, certain insurance undertakings registered under the Insurance Act 1978 and certain investment funds authorized under the Investment Funds Act 2006.

Clause 1 provides a citation for the Bill.

Clause 2 amends section 2 of the principal Act by repealing the definition of the term “Private Interest Entity” or “PIE” and substituting it with a provision stating that the term has the meaning as provided in section 2A.

Clause 3 amends the principal Act by inserting a new section 2A to provide for the revised definition of the term “Private Interest Entity” or “PIE”. The revised definition provided includes five types of entities that are audited by PIE public accountants. The first type are entities that are listed and trading securities on the Bermuda Stock Exchange as domestic issuers. The second type are entities that are listed and trading securities on any stock exchange in the European Union member states. The third type are entities that are licensed as deposit-taking businesses under the Banks and Deposit Companies Act 1999. The fourth type are entities that are registered under the Insurance Act 1978 as Class 4 or Class E insurers; or Class 3A, Class 3B, Class C or Class D insurers (where such insurers underwrite more than ten percent of their business by premium volume in the insurance retail market). The fifth type are entities that are authorized as investment funds under the Investment Funds Act 2006 and which are listed and trading securities on the Bermuda Stock Exchange. The new section 2A provides further to give the Minister power to amend the definition of the term “Private Interest Entity” or “PIE” by Order, which under section 38(3) of the principal Act would be subject to the negative resolution procedure. The new section 2A also makes provision that excludes an entity from the definition of the term “Private Interest Entity” that, in any financial year, is: (a) listed and trading securities on the Bermuda Stock Exchange as a domestic issuer; (b) a deposit-taking institution; (c) an insurer; or (d) an authorized investment fund, in the case where that entity has a shareholder equity that is, or net assets that are, valued at less than \$10 million pursuant to its latest audited financial statements.