

Key Highlights of the Segregated Accounts Company

SNAPSHOT: A SAC is a company which is registered under the Segregated Accounts Companies Act 2004. The SAC may create separate accounts with assets and liabilities which are segregated from the assets and liabilities attributable to every other account and also from the company's general assets and liabilities.

- A segregated account is not a legal person distinct from the SAC.
- A SAC must inform any person with whom it deals that it is a SAC.
- A SAC must identify the segregated account which is connected to a particular transaction.
- All assets linked by a SAC to a segregated account shall be held by the company as a separate fund which will not be part of the general account of the company but held exclusively for the benefit of the account owners of the particular segregated account. Those assets will be available to meet the rights of the account holders and satisfy the liabilities connected to the particular segregated account.
- The SAC will record what assets are in its general account and such assets shall be the only assets of a SAC available to meet the general liabilities of the SAC. Assets in the general account will not be available to satisfy liability which is linked to a segregated account.
- The rights and obligations of account owners in a segregated account are contained in a governing instrument. The governing instrument may provide for conditions which must be complied with in order for a person to become a segregated account holder. The governing instrument may also provide for management of the segregated account, appointments of one or more managers, and the orderly winding up of the affairs and termination of the segregated account.
- The governing instrument must be governed by the laws of The Bahamas and the parties to it must submit to the jurisdiction of the courts of The Bahamas.
- The rights and obligations of counterparties dealing with the SAC are evidenced in the form of contracts.

STRUCTURES: A company registered as a SAC must be governed by the Companies Act or the International Business Companies Act and that company (i) must be engaged in the business of either (a) investment funds (b) issuing securities or (c) insurance, or (ii) is a subsidiary of a Bank or Trust Company (and not licensed by the Central Bank), or (iii) is engaged in a business where the Minister responsible for Companies has prescribed a primary regulator. No company licensed under the Banks and Trust Companies Regulation Act may register as a SAC.

REGISTRATION: A SAC must file a request with the Registrar to be registered as a SAC containing the prescribed information and accompanied by the consent of the primary regulator of the relevant business. Where the company has conducted business prior to the application for registration a statutory declaration containing prescribed information must also be filed with the primary regulator along with evidence of the consent of 75% of the intended account holders and 75% of the would be creditors of the SAC. The Registrar will issue a certificate of registration on completion of registration.

REQUIREMENTS:

- A SAC Representative who monitors and reports on the activity of the SAC may be required where the primary regulator is especially prescribed by the Minister responsible for companies.
- A SAC must maintain a private register of account owners.
- A SAC must file an annual declaration stating that the company is in compliance with the Segregated Accounts Companies Act.
- A SAC must maintain records in accordance with generally accepted accounting principles. Records must be made available at least once a year to each account owner, unless waived by the account owner.
- A SAC must pay prescribed fees based on the number of accounts.