

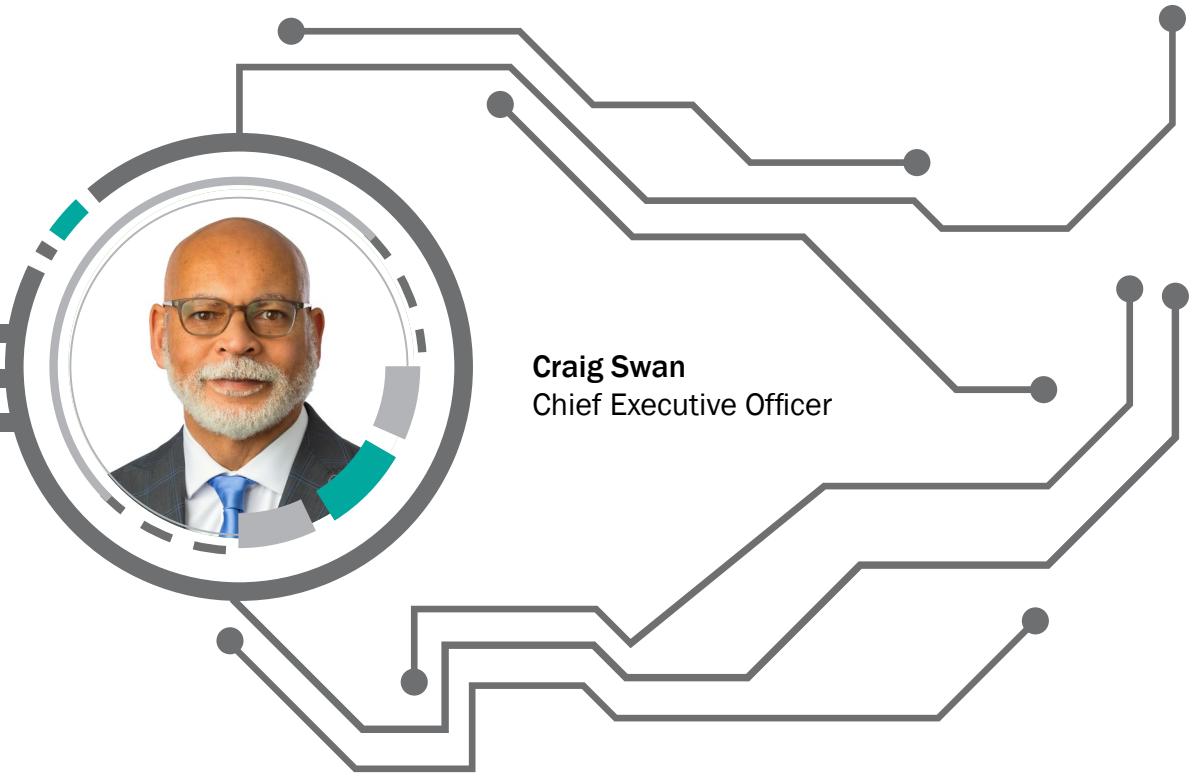
TWENTY
TWENTY-FOUR



BUSINESS PLAN

2024





Craig Swan
Chief Executive Officer

Chief Executive Officer’s Message

In this new era of digitisation, rapid changes are revolutionising business operations, technology and worldwide regulatory policies. Now more than ever, companies must develop cutting-edge solutions to help them thrive in a continually shifting and interconnected economic landscape. The pace of innovation is challenging organisations to remain agile and adapt how they work to meet the ebb and flow of their markets. From artificial intelligence and automation to decentralised finance and insurance-linked securities, the financial services industry has evolved markedly over the last few decades with increasingly transformative leaps forward each successive year. As firms confront issues such as inflationary pressures, relentless consumer demands, volatility in the commodity markets and extreme climate patterns, they are building systems to redefine and reimagine their future aspirations.

Moreover, as a regulator in this dynamic business environment, the Bermuda Monetary Authority (Authority or BMA) must also prioritise innovation. We have a duty to embrace disruptions and view them as opportunities to sharpen our effectiveness and efficiencies. Additionally, to continue being a successful regulator, we must grow existing capabilities and foster new competencies that can help the BMA meet emerging challenges and risks head-on.

Accordingly, the Authority will remain steadfast in our commitment to harness responsible innovation. Technology continues to be the cornerstone of this strategy as we seek to build on the success of Generative Artificial Intelligence (GenAI) and advance both operational and supervisory processes. In the same way that digitisation is changing how we conduct our daily lives, it is also stimulating commerce and innovative solutions. Many companies have begun scaling GenAI to reassess their operations, collect data and streamline workflows. The BMA recognises that GenAI has the potential to significantly augment productivity and drive business value.

The BMA’s 2024 Business Plan is a forward-looking blueprint for developing new areas of transformation and reinforcing our strong culture of innovation. It illustrates a realigned vision and mission to guide the Authority’s operational, regulatory and supervisory efforts. The new mission is not unfamiliar because, while it reinforces the BMA’s response to the evolution of the industry and our mandate, it also echoes our responsibility to safeguard the customers of the financial services sector.

More than half a century since its founding, the BMA has established a global reputation of excellence in aligning with international standards and policies to preserve Bermuda’s standing as a leading global financial centre. However, we cannot be complacent. We must continue

to uphold a robust regulatory framework while enabling best practices that meet the evolving needs of the financial services sector. The Authority's 2024 strategy underscores the importance of resilience amid intersecting economic and geopolitical risks. It is also designed to support our goals as we continue to evaluate the standards we use to monitor the industry.

The BMA has always invested in its people and will continue to do so in 2024. We have embraced staff engagement as the foundation of our operational success to drive employee creativity and productivity. We enter 2024 with a renewed concentration on technology implementation, which will clear the way for resources to focus even more on value-added tasks and innovation. Through a highly skilled and engaged workforce, the Authority will continue to put Diversity, Equity and Inclusion (DEI) at the forefront of its business operations. This approach will assist the organisation in cultivating an inclusive work culture that empowers employees to share their ideas and perspectives in an open, trusting environment.

Likewise, our human capital efforts will remain directed at meeting the market's ongoing technical needs while supporting requirements to promote quality industry oversight and supervision. To achieve this and to enrich and effectively manage our talent, we will expand our staff's access to first-rate, in-house training and development opportunities.

The BMA has had a strong historical track record in several areas of diversity. With our workforce representing over 30 nationalities today, cultural diversity exists at every management level. In addition, women play a prominent role in the BMA's labour force, and many serve in senior executive positions, including on the Board of Directors. We will build upon this foundation by setting broader and more formalised DEI goals and strategies for 2024.

In concert with our emphasis on DEI, the BMA will also continue to embed an Environmental and Social Governance (ESG) and sustainability model. Drawing

on the importance of our ESG strategy, we will explore working with the investment funds industry to set up a new framework that facilitates the ability to designate certain Bermuda funds as ESG compliant. In 2024, the Authority will prepare a consultation paper setting out a climate risk disclosure framework for Bermuda commercial (re)insurers, along with reviewing and, where applicable, updating other (re)insurance frameworks to better facilitate parametric climate-related insurance products.

The Bermuda (re)insurance market remains well-capitalised. In response to the evolving nature and the scale of the business (including material growth), significant enhancements were made to the insurance regulatory and supervisory framework, particularly the parts of it that pertain to the long-term (life) sector, where a healthy share of the growth has occurred. These enhancements covered important areas such as reserving, capital requirements, governance and risk management standards and regulatory reporting^{1,2} to ensure the regulatory framework remains fit for purpose given the risk characteristics of the (re)insurance market. Accompanying the regulatory developments were enrichments to the BMA's supervisory approach including prior approval of all life reinsurance block transactions, with the aim of ensuring appropriate transparency and cross-border cooperation.

In parallel with the implementation of these advancements and an evaluation of whether further enhancements are necessary, we will continue to build out the Insurance Code of Conduct, a phased initiative aimed at extending the conduct of business requirements to retail insurers. While not a new arena, the conduct regime upholds the importance of transparent procedures within financial services and widens the scope of our consumer education initiatives. In more traditional sectors such as banking and (re) insurance, we will amend and carry on the development of Bermuda's resolution framework. We will also address operational resilience requirements in a holistic manner across the financial services sector. Additionally, we will continue participating in regulatory and other thought leadership forums.

Sweeping technological innovation has emerged as a principal force for change and transformation across the financial services industry. At the same time, companies are aware of the risks involved and are adopting cybersecurity best practices to protect their operations.

¹ [BMA Consultation Paper: Proposed Enhancements to the Regulatory Regime for Commercial Insurers](#)

² [Notice: Bermuda Monetary Authority \(Authority or BMA\) to Make Targeted Enhancements to Regulatory and Supervisory Regimes for Commercial Insurers](#)

The BMA's 2022 *Cyber Underwriting Report* highlights an uptick in demand for coverage in response to improved regulations regarding data privacy and consumer protection. In a world where digitisation is the norm, strong cybersecurity and governance standards provide firms with a safety net against cyber threats. The latest market research, featured in the report shows the industry's risk posture and response is improving year-over-year. Another BMA industry-focused publication, the 2022 *Bermuda Insurance Sector Operational Cyber Risk Management* report, encourages companies to bolster their safety protocols in response to ongoing cybersecurity risks and events. Cyber risk supervision will continue to be a focus in 2024.

Apart from staying on course to fulfil our long-term goals, we will continue to work diligently to meet the demands of a fast-moving business landscape, exploring new territory and leading by example. The Authority's strategy is underpinned by deep expertise and cross-functional viewpoints designed to champion innovation. The many thoughtfully curated objectives within this plan will optimise excellence while simultaneously preparing the organisation to meet, and address, emerging challenges that impact the regulatory environment. In a continually fluctuating business climate, this approach enables the BMA to open new pathways for enhancing our abilities and innovative practices both today and for many years to come.



Craig Swan
Chief Executive Officer



Shanna Lespere, Deputy Chief Executive Officer



Toby Mason, Chief Operating Officer



Ricardo Garcia, Managing Director



Dina Wilson, Legal Services and Enforcement



Yvette Pierre, Chief Policy and Strategy Officer



The Bermuda Monetary Authority will continue to support Bermuda’s financial services ecosystem by strengthening its operations, advancing technology and innovation and developing human capital throughout the organisation. Over the next year, **we remain dedicated to streamlining processes to enhance robust regulatory and supervisory practices.**

Harnessing Human Capital to Develop Excellence and Efficiency

An overarching objective of the BMA is to ensure our staff are supported by a robust culture of learning and development that drives their success in both innovation and excellence. In the months ahead, we will invest in developing the talents and skills of our employees through enhanced technical training. The Authority will further engage and support staff by conducting regular pulse feedback surveys, setting up functional working groups to participate in and introducing new employee wellness programmes. The BMA also remains focused on developing our leaders of the future. To achieve this, we will continue to support effective mentoring and coaching initiatives and succession planning.

As a people-centric organisation, the Authority aims to promote a positive work culture where staff feel valued and motivated. The BMA will do this by continuing to strengthen a culture of inclusion to help every employee feel like they belong. Over the next year, new DEI strategies and programmes will be introduced, including anti-bias awareness training to promote equitable access to opportunities throughout the organisation.

The Authority will also continue to work closely with staff at all levels to ensure that impactful personalised development plans are in place to support career growth and aspirations.

The recruitment and retention of quality people have always been critical to the BMA's success. It is only by fostering staff loyalty, growing employee commitment, and supporting their professional growth and ambitions that the Authority will be able to cultivate sustainable growth and success in 2024. Plans to better support employee recruitment and retention over the next year include leveraging targeted recruitment drives, promoting enhanced collaboration and connectedness and strengthening knowledge-sharing opportunities.

Community Matters

The BMA understands the important role that social responsibility plays in our relationship with the local community. An example of the organisation's commitment to Environmental Social Governance (ESG) sentiment is illustrated by employee participation in an island-wide, coastal clean-up event for our staff Community Day. In 2023, over 186 employees cleaned up Bermuda's parks, beaches and open spaces. In 2024, the BMA plans to continue this employee-driven initiative to give back to our local community.



Enhancing Strength and Stability in Regulated Sectors

Meeting the needs of the financial services sector requires the Authority to make targeted enhancements to Bermuda's regulatory frameworks. The BMA will continue progressing with several proposals and multi-year deliverables to support the framework's alignment with international regulatory developments. Moreover, the Authority will address the policy implications of the relevant enhancements in a manner that prudently manages attendant risks and reflects the island's financial markets.

Underscoring our commitment to security and stability, the Authority will strengthen the collaborative ecosystem in response to money laundering and terrorist financing risks. The BMA will also strive to support ongoing national initiatives in this area while sustaining investment in data analytics capabilities.

The BMA's core day-to-day activities include overseeing the financial services sector, addressing new and emerging risks, and collaborating and coordinating with foreign regulators through supervisory colleges and other mechanisms. In addition, the Authority's plans for 2024 include the following:

Insurance Initiatives

- Transposing and embedding the Common Framework for Internationally Active Insurance Groups and Holistic Framework for Systemic Risk into the Bermuda commercial regulatory regime, including but not limited to the resolution regime and the implementation of the Insurance Capital Standard
- Further integrating ESG strategy into the regulatory framework, particularly in relation to climate change. To assist in leveraging ESG opportunities, we will

provide guidance on climate risk financial disclosures and publish a report with results from an insurance industry survey on climate risk, protection gaps and DEI initiatives

- Presenting related guidance on the integration of significant insurance accounting developments in the regulatory reporting environment, including International Financial Reporting Standard 17 (IFRS17) Insurance Contracts and the long-duration targeted improvements with the United States Generally Accepted Accounting Principles (GAAP)
- Reviewing and amending the insurance group supervision regime to incorporate holding company oversight for insurance groups

Banking Initiatives

The Authority will maintain a close dialogue with the banking sector to advance its sustainable development amid a fast-changing regulatory landscape. This includes enhancing the relevant regulatory frameworks to facilitate the supervision of conduct and new prudential regulations consistent with global standards. The following goals remain a priority in 2024:

- Transitional arrangements for the revised prudential requirements for operational risk principles, large exposures, credit risk measurement and liquidity coverage ratio in line with Basel III international standards for full implementation on 1 January 2025
- Further embedding the Banks and Deposit Companies Act 1999 Code of Conduct
- Drafting proposals for the provision of basic banking services.
- Improving operational resilience

Digital Asset Business

Ensuring that Bermuda's Digital Asset Business (DAB) sector meets the benchmark for global standards is central to the BMA's supervisory processes. As the digital asset sector in Bermuda continues to mature prudently, the market is also becoming increasingly significant and sophisticated. A central element of the Authority's strategy is to verify the DAB-related legislative and

Digital Asset Business continued

supervisory frameworks remain fit for purpose and encourage a secure and sustainable growth environment. Regarding financial technology innovations, these are also supported by frameworks intended to guide their advancement. For example, the BMA's supervisory practices include guidance developments for stablecoin issuers and stress test requirements for entities above a certain scale or complexity. Meanwhile, as the industry evolves, the BMA will deepen its research efforts in emerging areas such as decentralised finance (DeFi), stablecoins and DAB objectives lending and borrowing.

The BMA's specific digital asset priorities this year include:

- Developing guidance for stablecoin issuers
- Providing stress testing requirements for entities above a certain scale or complexity
- Launching a 'call for interest' to pilot test embedded supervision in the DeFi context

Cyber Risk Supervision

When it comes to cyber risk management, vigilance is always required. The Authority's 2024 Cyber Strategy includes employing cyber supervisory programmes and cyber assessments for new licensing authorisations, yearly return analysis and on-site inspections. This year's cyber risk management strategies involve aligning supervisory cyber risk approaches across sectors.

Achieving these goals will require the Authority to:

- Direct regulatory provisions and industry cyber best practices via engagement with regulated entities
- Reinforce specialist cybersecurity training sessions for BMA supervisors to foster in-house cyber expertise
- Pursue incident notifications and subsequent root cause report analysis
- Harness existing subject matter expertise on technological advancements, benefits and risks

Financial Stability

Over the years, Bermuda has grown to become a major international centre for insurance and financial services companies, and more recently for digital assets and insurance-linked securities. The BMA will continue to pursue its goal of building a more stable and durable financial environment. Tied to this is the vital work of macroprudential surveillance and macroeconomic monitoring geared towards identifying potential risks as early as possible. The Authority's comprehensive approach includes working proactively with relevant internal stakeholders, including micro-prudential supervisors in the insurance and banking sectors, to manage potential risks. This process encompasses an environmental analysis, including understanding the factors that affect Bermuda's financial services sector. In concert with these developments, the Authority will continue to assess its ability to mitigate threats while capitalising on opportunities. The BMA will also expand its efforts to strengthen recovery and resolution planning for large, complex financial institutions in the insurance and banking sectors, in consultation with the relevant national and cross-border authorities.

Legal Enforcement

As a regulator, enforcement is an essential part of our toolkit. The BMA will continue assisting the Government with its proposals to revise the current Appeals Tribunal Framework (Appeals Framework). Once the framework becomes operational, the Authority intends to revise and republish its Statement of Principles and Guidance on the Exercise of Enforcement Powers so that it is aligned, where necessary, with such frameworks. Where deemed appropriate, the BMA shall conduct outreach sessions accordingly. The Authority will continue to protect the interests of the public through the robust reporting of concluded enforcement actions that have been taken against regulated entities and will continue to 'police the perimeter' to ensure that entities are not conducting regulated activity without being appropriately licensed or registered. In accordance with obligations promulgated by the Personal Information Protection Act 2016, the Authority aims to embed and establish an appropriate regime as required by such laws on or before 1 January 2025.





Building Robust Processes to Support Supervision and Customer Protection

Upholding Bermuda's reputation as a premier financial centre requires close supervision to promote safety and security. In relation to this, the Authority will continue to vet persons with beneficial ownership and control of interests in Bermuda, legal persons and regulated financial businesses. A year of significant change is ahead as the Authority works closely with the Registrar of Companies (ROC) to migrate the maintenance of the register of beneficial ownership, held on behalf of the Minister of Finance, to the ROC.

Throughout the year, the exchange control compliance program and vetting processes will continue to fulfil the Authority's international obligations. Furthermore, the BMA will augment the vetting process for the shareholders and controllers of regulated financial businesses.

Conduct of Business

First and foremost, the security of customers is at the heart of the Conduct of Business regime. To enable consumers to make effective choices, the BMA's agenda includes an ongoing analysis of the data related to customer complaints. The aim of the Authority's outreach work is to educate consumers and promote high standards of conduct and prudent business practices in the marketplace. To sustain our commitments in this area, the BMA will implement the Conduct of Business supervision framework to enhance consumer protection and support insurers in implementing recent revisions to the Insurance Code of Conduct.

Building upon this foundation, we will examine compliance with the banking, insurance, and digital asset codes of conduct as part of on-site inspections and off-site surveillance of the relevant licensed institutions. Data calls will be reviewed and supplemented with the collection of appropriate baseline data to support suitable risk-based approaches for conducting compliance monitoring.

More broadly, the Authority's corporate objectives include refining relevant sectoral conduct of business frameworks with the goal of delivering fair and transparent outcomes for consumers.

Combating Financial Crime

The BMA's risk-based supervisory oversight responsibilities are met through on-site inspection programmes, selected thematic reviews and the close monitoring of specific sectors and regulated financial institutions. This year's supervisory programme will continue to focus on higher-risk sectors and entities. The Authority will employ a more overt thematic approach to continue monitoring client risk assessments, customer due diligence and sanctions control procedures. Combatting financial crime also requires the BMA to closely monitor the banking and digital assets sector due to rapidly accelerating digitisation in the financial services ecosystem. Concerning other business segments, a higher priority will be placed on supervising smaller businesses and the securities sector.

Complimenting this approach, the BMA will step up industry outreach this year in partnership with other agencies such as the Financial Intelligence Agency and the Financial Sanctions Implementation Unit. Another objective is to increase understanding within the industry of evolving threats and vulnerabilities. In parallel with this, the Authority will bolster its framework by updating the recording, analysis and presentation of the results of our supervisory programme. Similarly, we will continue to keep abreast of emerging financial innovations and trends to maintain strong regulatory oversight in today's multifaceted commercial climate.

Legislative and Other Highlights

The Authority will continue to work closely with the market and external stakeholders to develop the appropriate legislative and regulatory instruments and associated guidance. These are designed to direct the BMA's long-standing responsibility to oversee Bermuda's financial services sector.

Some of the initiatives the Authority will pursue in 2024 include:

- Consulting on legislative and other amendments to the Trusts (Regulation of Trust Business) Act 2021, and Corporate Service Provider Business Act 2012
- Implementing the revised Investment Business Amendment Act 2022 (IBAA), including monitoring entities' compliance with the licensing and registration requirements of the Investment Business Act (2003) IBA and IBAA
- Applying amendments to Part IV of the IBA following consultation last year
- Facilitating outreach to Bermuda's investment industry to promote awareness of the newly enacted legislative amendments
- Monitoring the regulatory developments related to climate change and ESG to assess the impacts that such developments may have on our regime over time
- Exploration of an approved persons regime

Stakeholder Consultation

In order to achieve its regulatory priorities in the most effective and efficient manner, stakeholder consultation will continue to be a core component of the Authority's initiatives.



Aligning and Engaging with International Regulatory Organisations

During the year, the Authority will continue to meet generally observed international requirements while fortifying regulatory and supervisory regimes to reflect the changing nature of the financial services sector. The BMA will engage at various levels with the global standard-setting body, the International Association of Insurance Supervisors-IAIS.

In the same vein, the Authority will continue to collaborate with international jurisdictions by holding regular bilateral meetings with relevant regulatory authorities and institutions. The BMA will work in partnership with the IAIS Caribbean and offshore region, the Group of International Insurance Centre Supervisors, and the Caribbean Association of Insurance Regulators.

As it relates to our insurance peers, the Authority will continue to assess recovery plans for insurers, particularly IAIGs, large domestic insurers and insurance groups and the IAIG Group Supervision Rules. Within the DAB sector, 2024 will be one of engagement with information sharing through a memorandum of understanding and a launch call for interest to test pilot embedded supervision in the DeFi context.

Furthermore, the Authority will endorse a refresh of the National Money Laundering/Anti-Terrorist Financing (ML/TF) Risk Assessment and the first iteration of the Proliferation Financing National Risk Assessment. This will be done in line with Bermuda's National Anti-Money Laundering Committee (NAMLC) priorities to ensure ongoing understanding and response to ML/TP/PF risks.

Considering one of the BMA's main priorities is to safeguard the island's regulatory framework and national policies, the Authority will continue to align the local risk profile with international standards. In this regard, the BMA will maintain connections with other jurisdictions by holding regular bilateral meetings with relevant peer regulatory and supervisory institutions.

Some top priorities in 2024 include:

- Continuing engagement with the Global Financial Innovation Network's (GFIN) Coordination Group
- Collaborating with the Group of International Finance Centre Supervisors (GIFCS), the Caribbean Group of Banking Supervisors (CGBS) and the International Organisation of Securities Commissions (IOSCO)
- Remaining active in the Financial Stability Board Regional Consultative Group for the Americas and the Organisation for Economic Cooperation and Development Insurance and Private Pensions Committee
- Remaining active in Bermuda's support for the Caribbean Financial Action Task Force (CFATF)



Utilising Technology and Innovation to Sustain Operational Effectiveness

Technology and innovation will be one of the key catalysts in driving digital transformation this year. The Authority will continue to invest in numerous value-generating systems to support the IT Strategy: Vision 2025. In consideration of rapid technological developments, we are exploring applications which restructure and elevate financial supervision processes fundamental to the BMA's daily operations. Additional platforms are also being integrated to streamline the management of digital records and information. Another specific technological objective is expanding the enterprise data lake to guide analytical developments and augment large-scale data collection. For this reason, the BMA will continue to leverage in-depth technical solutions that drive actionable insights and support critical decision-making abilities.

Data Science and Artificial Intelligence (AI)

In today's evolving regulatory environment, information technology is fundamental to ensuring the Authority elevates connectivity and productivity in its workflows. Efforts will continue to enhance the BMA's data infrastructure, keeping it efficient, nimble, and adaptable to industry changes. Further advancing information technology priorities also requires the BMA to capture data and insights to meet core business needs. Over the coming months, the Authority will deploy several flagship initiatives designed to promote synergies across its technical systems while underpinning information protection strategies and functionality.

The BMA's key technology objectives include:

- Continuing the adoption of Supervisory Technology (SupTech) based on data science that provides resilient and robust service delivery and facilitates

efficient processes through machine learning, artificial intelligence applications and an open data architecture

- Developing SupTech data products based on advanced analytics that include generative AI methods and network analytics
- Continuing the Regulatory Technology (RegTech) application pilot with the aim of enhancing efficiency and the experience of the BMA's internal and external stakeholders

Industry Publications and Thought Leadership

The following will be among the reports the BMA will publish to inform policyholders and the public on financial stability matters:

- *2023 Annual Report*
- *Alternative Capital Report*
- *Catastrophe Risk in Bermuda Report*
- *Bermuda Cyber Underwriting Report*
- *Bermuda Insurance Sector: Operational Cyber Risk Management*
- *Quarterly Banking Digests*
- *BSCR Report Macprudential Risk (general business and long-term sectors)*

BMA Management Team

● – Executive Team
as at 31 December 2023

Chief Executive Officers

● Craig Swan Chief Executive Officer	● Shanna Lespere Deputy Chief Executive Officer
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Policy Development, Strategy and International Affairs

● Yvette Pierre Chief Policy and Strategy Officer

Operations

● Toby Mason Chief Operating Officer	Mesheiah Crockwell Director, Human Resources
Sheridan Smith Director, Management Services	Marianne Suschak-Matvey Director, Corporate Affairs
Terry Pitcher Head of Finance and Currency Operations	Michael Albouy Deputy Director, Business and Operations Support
Martin Schembri Deputy Director, Cyber Risk Operations	

Supervision

● Ricardo Garcia Managing Director, Supervision	Christopher Brown Director, Supervision (AML/ATF and Conduct Regulation) and Corporate Authorisations
Moad Fahmi Chief Digital Asset Officer, Supervision (FinTech)	Marcelo Ramella Director, Financial Stability and Research

Supervision continued

Jeferino Dos Santos Chief Actuary Supervision (Actuarial Services)	Ashley Kibblewhite Director, Supervision (BTCSI)
Gerald Gakundi Director, Supervision (Insurance)	

Corporate Authorisations

Sharon Suess Deputy Director, Corporate Authorisations
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Legal Services and Enforcement

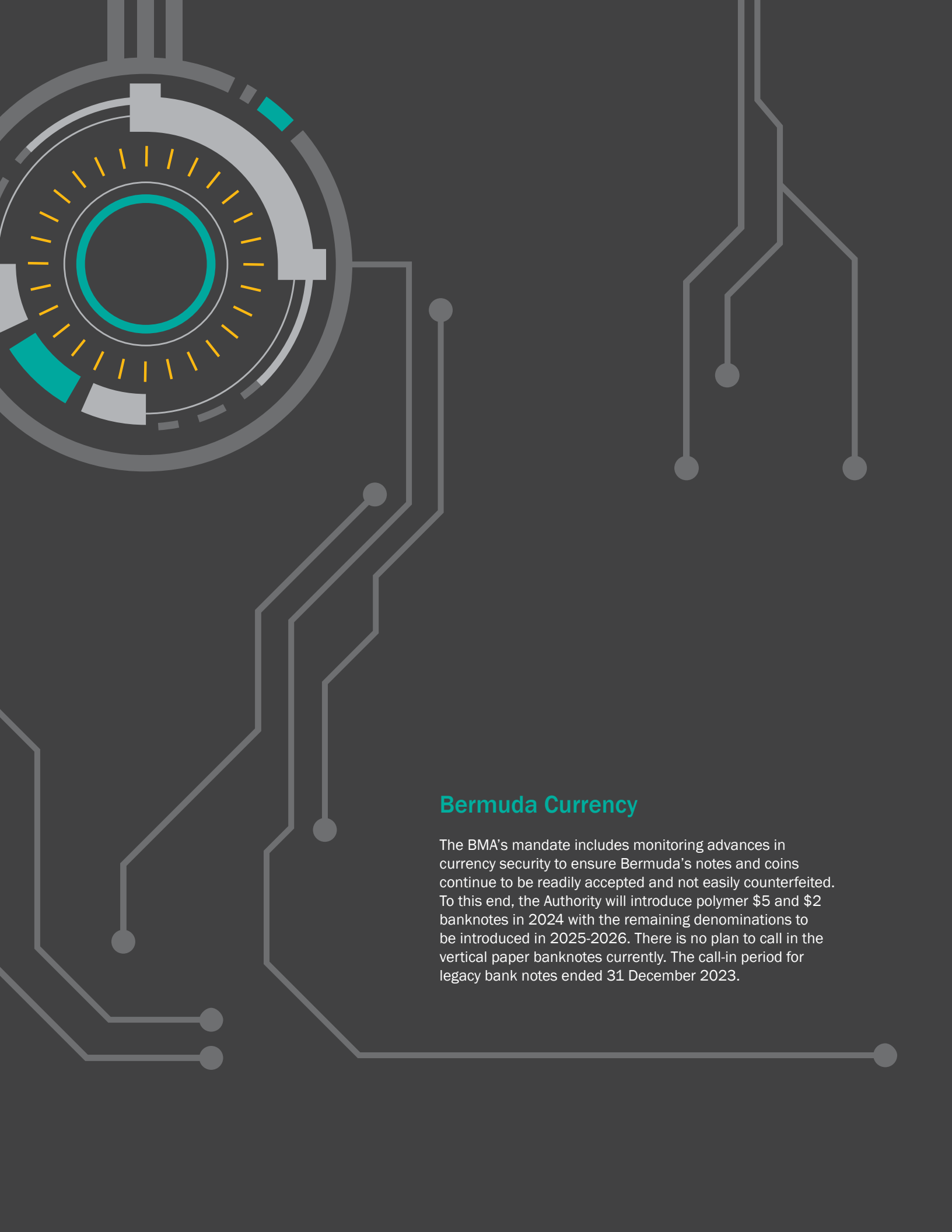
● Dina Wilson Director, Legal Services and Enforcement
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Data Science and Artificial Intelligence

Eric Donkoh Chief Data and Analytics Officer, Data Science and Artificial Intelligence
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Enterprise Risk Management

Ian Ngugi Deputy Director, Enterprise Risk Management



Bermuda Currency

The BMA's mandate includes monitoring advances in currency security to ensure Bermuda's notes and coins continue to be readily accepted and not easily counterfeited. To this end, the Authority will introduce polymer \$5 and \$2 banknotes in 2024 with the remaining denominations to be introduced in 2025-2026. There is no plan to call in the vertical paper banknotes currently. The call-in period for legacy bank notes ended 31 December 2023.



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