

## Bermuda investment funds - Spring 2025 update

**Briefing Summary:** Our investment funds team outline the latest developments within the investment funds market in Bermuda, covering the Bermuda Monetary Authority ("BMA") business plan 2025, BMA Consultation Paper – operational resilience and outsourcing, BMA's Coordinated Portfolio Investment Survey Report and investment business licence application updates.

**Service Area:** Investment Funds, Fund Finance, Fund Regulation and Compliance, Funds Strategies and Asset Classes

**Sector:** Investment and Wealth Management

**Location:** Bermuda

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### Bermuda Monetary Authority business plan 2025

The Bermuda Monetary Authority ("BMA") has released its Business Plan for 2025, which includes the following regulatory agendas for the investment funds and investment business sectors:

#### Green initiatives

The BMA is seeking to advance green initiatives regarding investment funds. Based on research conducted over the course of 2024, the BMA has determined that there is scope for gradually incorporating sustainability into its investment funds framework. The current proposal is to broaden the requirements for sustainability-related disclosures in order to build on the goal of providing transparency and disclosure to investors.

#### Protection of customers

The BMA will continue to promote the protection of customers who use the products and services provided by regulated financial institutions, such as investment businesses. In particular, the BMA will continue to oversee investment business licensees comply with the code of conduct.

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## 'Conduct of Business' guidance notes

The BMA will prioritise industry outreach by exploring the publication of guidance notes to inform specific industry sectors about their relevant 'Conduct of Business' requirements. Overall, the goal is to enhance monitoring and industry engagement so that the BMA's supervisory practices remain relevant and best-in-class.

## BMA Consultation Paper - operational resilience and outsourcing

The BMA has released a **Consultation Paper** titled Operational Resilience and Outsourcing Code seeking to gather feedback from stakeholders on the BMA's proposed Operational Resilience ("Op Res") standards for financial institutions.

These Op Res standards are designed to strengthen the sectors' capacity to prevent, adapt and manage, and recover and learn from operational disruptions, whether they arise within the organisation or from third-party service providers engaged by the organisation. The aim is to ensure that critical services for customers can continue operating without delays or interruptions.

The proposed Op Res standards are applicable to various 'relevant entities', such as investment businesses pursuant to the Investment Business Act 2003 ("IBA") and persons licensed to carry on fund administrator business in accordance with the Fund Administration Provider Business Act 2019.

Key proposals include:

- Relevant entities will need to identify 'important business services' which, if disrupted, could cause significant harm to consumers, stakeholders or the financial stability of the jurisdiction, beyond mere inconvenience.
- Standards being set for managing outsourcing, including governance, risk assessment, transparency and accountability. Relevant entities will be required to have a board-approved policy for assessing and reviewing service providers and must conduct risk evaluations before entering into outsourcing arrangements.
- The Board and Senior Management of relevant entities must oversee business continuity plans and disaster recovery plans.
- An expectation to regularly test Op Res resilience to ensure programs can withstand severe but plausible disruptions, with test plans reviewed annually or after significant changes.

The proposed standards are detailed in the *Operational Resilience and Outsourcing Code* ("Code"), supported by the *Operational Resilience and Outsourcing Guidance Notes*. Both the Code and the Notes are subject to consultation, with the BMA intending to issue a final version during 2025.

## BMA's Coordinated Portfolio Investment Survey Report

In December 2024, the BMA (in conjunction with the International Monetary Fund) released its *Coordinated Portfolio Investment Survey Report 2023* which collects and measures information about Bermuda's foreign portfolio investment asset holdings.

Key aspects of the report include a breakdown of the holdings by type and geographical distribution, as well as by insurance, investment funds, banks and the Government of Bermuda.

Investment funds were the second-largest subsector (behind insurance), accounting for 19.4% (US\$203.4 billion) of foreign portfolio holdings in 2023, and (as of 31 December 2023), an NAV of US\$280.9 billion, or 14.3% of total financial services sector assets in Bermuda.

These figures demonstrate Bermuda's continued status as a leading international financial centre.

### Investment business licence application updates

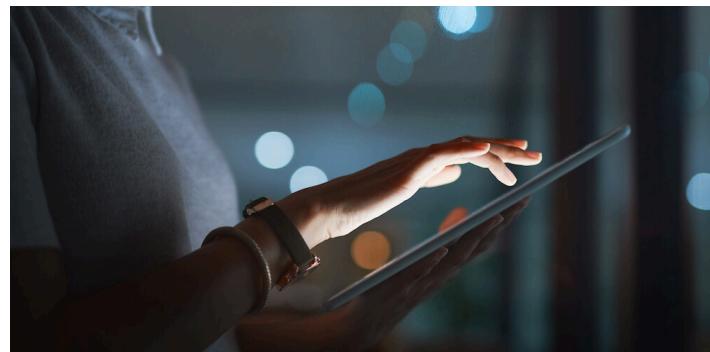
The BMA has updated the form used by firms to apply for investment business licences under the IBA:

- The application for a Standard Licence and Registration can be viewed [here](#); and
- The application for a Test Licence can be viewed [here](#).

If you need any advice relating to either updated form, please get in touch with your usual Carey Olsen contact.

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