

NEWSLETTER

Regulatory & Risk Advisory Outlook

BERMUDA | 2025

CONYERS

In This Issue

<u>INTRODUCTION</u>	3
<u>EMPLOYMENT</u>	4
<u>BENEFICIAL OWNERSHIP</u>	5
<u>INSURANCE</u>	6
<u>TRADE MARKS</u>	7
<u>INVESTMENT FUNDS</u>	8
<u>ARTICLES & ALERTS</u>	9
<u>KEY CONTACTS</u>	10

With the New Year underway, there is a wide range of regulatory updates to reflect on and prepare for.

While navigating these changes may seem complex, the Regulatory & Risk Advisory team is here to assist. The Outlook outlines key updates from the past year and important considerations for 2025 that will impact Bermuda entities. These highlights are designed to keep you informed and prepared for any decision-making ahead of filing, compliance, or administrative requirements.

Employment

2024 introduced a few notable updates to Bermuda's employment framework. Specifically the Employment (Protection of Employee Tips and Other Gratuities) Amendment Act 2023 took effect on 1 March 2024, introducing new provisions into the Employment Act 2000. The amended legislation addresses the withholding of tips and other gratuities, the pooling and redistribution of tips and gratuities, the prohibition for employers to share in tips or other gratuities, and requirements for record keeping and access requests. Additionally relevant employers in sectors where employees commonly receive tips or other gratuities have new obligations in respect of a mandatory policy statement regarding the management and distribution of tips and other gratuities. Contraventions of certain of these obligations can result in civil penalties of up to \$10,000.

The Payroll Tax Amendment Act 2024 came into effect on 25 March 2024, which repealed and replaced the existing 'New Hire' payroll tax relief, introducing a new relief available until 31 March 2026. If eligible, this provides the employer relief from the employer-portion of payroll tax in respect of qualifying employees when there is an increase in its workforce relative to a baseline established in March 2022. Employers should note that they must file a new application form to claim this relief, notwithstanding that they may have filed an application form for the former (now repealed) relief.

In September 2024 the Government published a position paper outlining its plans to adjust Bermuda's minimum hourly wage, currently \$16.40, to align with inflation. Under the proposed methodology, annual increases would be capped at 2.5%, based on the Consumer Price Index. This could result in the minimum wage rising to between \$16.81 and \$17.23 in 2025, reflecting average inflation rates from 2023 and 2024.

Finally, the Employment Amendment Act 2024 came into effect on 18 December 2024, which aims to improve severance for employees by increasing the maximum severance allowance for long-serving employees with 13 or more years of continuous service from 26 weeks' wages to 32 weeks' wages upon termination of employment.

Further amendments to employment and related laws were signalled during the 2024 Throne Speech. The Government announced proposals to:

- a) Enhance compliance with Employment Tribunal awards;
- b) Encourage the retention of Bermudians over 65 in the workforce by eliminating the employer-portion of payroll tax for employees over 65; and
- c) Eliminating the requirement to pay payroll tax on redundancy pay.

These amendments are indicative only and have not yet been formalised or implemented. We will look out for these and any other changes in 2025.

Beneficial Ownership

The Registrar of Companies (RoC) released a consultation paper regarding Bermuda's central register ("Central Register") of beneficial ownership information (BOI) of legal persons. Key proposals aim to (a) extend access to the Central Register to "obliged entities" as well as persons with a "legitimate interest", (b) enhance and consolidate the current beneficial ownership regime under a single Act, and (c) transfer the Central Register from the Bermuda Monetary (BMA) to the RoC.

Extended Access to Central Register

The Government proposes to progress legitimate interest access to the Central Register consistent with the Sixth Anti-Money Laundering Directive (the "AMLD6"). The AMLD6 deems certain categories of persons to have a "legitimate interest", including journalists and civil society organisations. Feedback is being sought on the proposed definition of "legitimate interest" with the aim that access to BOI does not violate the privacy rights of beneficial owners.

Furthermore, the Government intends to facilitate access to the Central Register by financial institutions and designated non-financial businesses and professions (collectively, "obliged entities") who may require access to BOI to facilitate compliance with client due diligence obligations. Applications will be made through the RoC's online portal, along with payment of an administrative fee. Access to the RoC's electronic database will be monitored and audited, ensuring that only persons with to access the system can do so. Restrictions will ensure BOI is not accessed or disclosed in ways that could expose beneficial owners to harm.

Streamlined Beneficial Ownership Regime

The consultation also proposes consolidating the current beneficial ownership regime in a single Act by Q1 2025, with proposed Regulations to facilitate access to obliged entities by Q2 2025, and legitimate interest access by Q3 2026.

Specific legislative proposals include extending the scope of the beneficial ownership regime to all legal persons, except those publicly listed on the BSX or on an appointed stock exchange. Entities will be required to include a statement in their annual return filings confirming that they are in compliance with the Act. Non-compliance would result in restrictions on obtaining a certificate of compliance from the RoC.

Transfer of Central Register to the RoC

Bermuda's Central Register will be transferred from the BMA to the RoC. The RoC will have the to collect, verify and maintain BOI, including vetting beneficial owners during incorporation and ownership changes. The BMA will continue to regulate financial institutions, such as re/insurance companies and investment funds under the same legislation as they do now, however, it is anticipated that non-regulated entities will deal solely with the RoC.

Insurance

General Business Insurers with Segregated Accounts and Separate Accounts

The Bermuda Monetary 's (BMA) Guidance Note on “General Business Insurers with Segregated Accounts and Separate Accounts” (the “SAC Guidance Note”) took effect on 1 January 2025.

Introduced and much discussed during the course of 2024, the SAC Guidance Note sets forth in greater detail the regulatory framework applicable to general business insurers utilising segregated accounts and separate accounts (“SAC Insurers”), focusing on governance, risk management, and financial reporting. The SAC Guidance Note requires that SAC Insurers address the unique structure of segregated accounts in their governance and risk management frameworks, including the segregation of duties, outsourcing arrangements, and conflict-of-interest management. It also introduced a schedule of Segregated Accounts and Separate Accounts that is to now form a part of the statutory filings and must be included in the audit of financial statements of SAC Insurers.

The SAC Guidance Note provides clarity on the BMA's expectations for SAC Insurers as they continue to grow in size and complexity.

Insurance (Prudential Standards) (Recovery Plan) Rules 2024

The Insurance (Prudential Standards) (Recovery Plan) Rules 2024 (the “Rules”) are set to take effect on 1 May 2025.

At present, the Insurance Act 1978, as amended allows the Bermuda Monetary (BMA) to request a Class 3A, Class 3B, Class 4, Class C, Class D, Class E insurer or an insurance group to prepare, correct or update its recovery plan.

The Rules describe the content the BMA expects to see in an insurer's recovery plan including an executive summary which must provide the manner by which the insurer will recover from severe stress scenarios, how the insurer will utilise and implement the recovery plan, and the strategy the insurer will implement to communicate to all relevant stakeholders before, during, and after implementation of the recovery plan.

Insurers should also be aware that should they already have an existing recovery plan filed with a relevant supervisory (an overseas regulator), then the insurer may write to the BMA to request its approval to adopt its existing recovery plan instead of preparing a new plan pursuant to the Rules.

Trademarks

The Bermuda Government introduced the Trade Marks Act 2023, which is expected to come into effect on 1 April 2025.

This legislation aligns Bermuda's trade marks framework with the UK Trade Marks Act 1994 (as amended) and common law jurisdictions. It incorporates protections under the Paris Convention and facilitates international applications via the Madrid Protocol once these treaties are extended to Bermuda.

Key updates include recognising trade mark registrations as personal property and broadening registrable marks to include colours, sounds, and packaging. The Act eliminates the A/B register distinction, streamlines the registration process, and shortens the post-advertisement filing period from 12 to 3 months.

Notable changes include extending the registration term from seven to ten years and allowing renewals in ten-year increments. The Act also permits multi-class registrations, certification and collective marks, and merging of existing registrations to reduce costs. Registrable transactions now include security interests and require written agreements for licences. Additionally, the Act introduces measures to prevent infringing imports through Bermuda Customs.

Investment Funds

The Investment Business Amendment Act 2024 (the “Amendment Act”) came into operation on 29 July 2024. The Amendment Act amends the Investment Business Act 2003 (as amended, the “Act”) to strengthen the supervision and regulation of Bermuda-based investment exchanges and clearing houses. In particular the Amendment Act introduces a framework for an investment exchange or clearing house to apply to the Bermuda Monetary (BMA) for designation as a “recognised investment exchange” or “recognised clearing house” (collectively, “Recognised Bodies”), as applicable, under the Act, thereby allowing it to carry on such business in Bermuda without requiring a licence or registration under the Act. In connection with the Amendment Act, the Investment Business (Recognised Bodies Recognition Requirements) Regulations 2024, the Investment Business (Recognised Bodies) (Reporting Accountants) (Facts and Matters of Material Significance) Regulations 2024 and the Investment Business (Prudential Standards) (Recognised Bodies) Rules 2024 (collectively with the Act, the “Recognised Bodies Regulatory Framework”) have also been introduced.

Once the BMA has issued a recognition certificate designating an investment exchange or clearing house as a recognised investment exchange or recognised clearing house (as applicable) under the Act, a Recognised Body will be subject to the BMA’s supervision and subject to certain ongoing requirements under the Recognised Bodies Regulatory Framework, including the following:

- payment of annual fee to the BMA;
- preparation of annual financial statements or accounts;
- appointment of an approved auditor to audit the annual financial statements or accounts;
- filing of annual financial statements or accounts, and auditor’s report thereon, with the BMA;
- filing of half-yearly returns with the BMA;
- notifying the BMA in advance of any proposal to amend its constitution or its market or listing rules;
- notification requirements relating to persons becoming or ceasing to be “controllers” or “officers” of the Recognised Body;
- capital and liquidity requirements;
- notification requirements in the event of a breach of capital or liquidity requirements;
- reporting certain prescribed facts or matters of “material significance” to the BMA; and
- continuing to satisfy the recognition standards required for designation as a Recognised Body on an ongoing basis.

Articles & Alerts

The following articles and alerts may be of general interest and can be found at the links below on the Conyers website:

[Individual's Rights Request Response Process Under \(PIPA\)](#)

[Navigating International Sanctions: Impact of the Ukraine War on Bermuda](#)

[Preparing for PIPA Compliance: A Guide for Organisations in Bermuda](#)

[Ongoing Compliance Considerations in Bermuda's AML/ATF Regime](#)

[Why Bermuda Financial Institutions Must Ensure CRS Compliance](#)

[PIPA Update - The Brave New World of Individual Rights Requests](#)



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Please contact Julie McLean, or one of your usual Conyers contacts should you wish to know more about any of the topics covered in the newsletter.

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