

2019

BARBADOS

INTERNATIONAL FINANCE & BUSINESS



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Local Innovation, Global Offering – Distributed Ledger Technology, Digital Assets and Barbados

by Marlon Yarde and Terry Belgrave

Distributed ledger technology (DLT), a harbinger of the fourth industrial revolution, is set to rekindle, redress and revamp the nature of trust in the global economy. Barbados has actively embraced this technology and looks to further explore its capabilities in an effort to streamline business facilitation on the island.

Barbados is now home to a number of DLT companies, including Shyft, Polymath and Aion, to name a few... All are committed to expanding their operations. All are committed to developing Barbados. The result - a dynamic, burgeoning ecosystem that has fostered both innovation and collaboration.

Why Barbados?

Companies have always chosen Barbados for its traditional features – strong ICT infrastructure, political stability, flight interconnectivity, and the country’s high quality of life. Increasingly, however, it is Barbados’ welcoming embrace of DLT that is becoming yet another attractive feature. Barbados is now home to a number of DLT companies, including Shyft, Polymath and Aion, to name a few. These companies cite the onshore availability of both qualified IT talent and companies with a similar focus, as key factors in their respective relocation decisions. All are committed to expanding their operations. All are committed to developing Barbados. The result - a dynamic, burgeoning ecosystem that has fostered both innovation and collaboration.

Access to a strategically negotiated tax treaty network rounds out the Barbados DLT value proposition. This

treaty network, designed to promote tax efficiency, has been augmented by the convergence of Barbados’ local and international tax rates, recently approved by the Organisation for Economic Co-operation and Development.

Why DLT?

To see why Barbados views DLT with such promise, it is helpful to consider the technology’s *raison d’être* - decentralising trust.

The Trust Paradox

Trust deficits explain why there is a need for referees in sports, legal systems for dispute resolution and clearing systems for capital market counterparties. Trust is more than a concept – it is a fundamental construct that is an essential prerequisite for societal cohesion and (therefore) development.

Poor societies can be characterised by their broad lack of institutional confidence. This is in stark contrast to advanced economies, where faith is generally placed in the credibility and viability of their institutions. A fundamental need for trust in society gives rise to the importance of centralised, third-party intermediaries. These intermediaries, created specifically for their independence, are inherently appreciated for providing impartiality and valued consensus.

Decentralisation: The DLT Value Proposition

DLT’s most famous form of implementation, known as the “blockchain,” is set to re-engineer trust to unparalleled heights. By recording data onto a list of blocks – blocks that are sequentially linked using cryptography – blockchains can eliminate the need for a centralised, trusted counterparty. This list, or “ledger” of blocks, is stored and maintained by a network of users (known as “nodes”) that collectively validate each new block while keeping synchronised replicas of the entire ledger.

Barbados' evolutionary embrace of distributed ledger technology, digital asset trading and business facilitation are welcomed developments – a tripartite coalescence, to be sure, that has helped to reposition Barbados as an innovative place to do business.

DLT, Digital Assets and Barbados

The Barbados Stock Exchange (BSE) believes that digital assets can be a game-changing offering. As these assets utilise blockchain technology, they allow for greater access to investment opportunities while providing enhanced trading, clearing and settlement. Prospective issuers should be mindful, however, of securities laws – both in their jurisdiction of domicile and in each of the jurisdictions in which they intend to raise investment capital.

The BSE views 'security tokens,' a particular type of digital asset, as both fit for purpose and vanguard in nature. Security tokens are analogous to contemporary securities - debt, equity and investment contracts. These tokens, therefore, find a natural fit within Barbados' securities legislation – a reality that is of great comfort to the BSE's regulator, the Financial Services Commission. The exchange is actively pursuing a trading engine for these assets, having already designed the rules and guidance for their listing and trading.

The BSE's commitment to DLT adoption is part of a wider focus on transformative development. Barbados' evolutionary embrace of distributed ledger technology, digital asset trading and business facilitation are welcomed developments – a tripartite coalescence, to be sure, that has helped to reposition Barbados as an innovative place to do business. *

CASE STUDY

ADTALEM
GLOBAL EDUCATION

Ross University School of Medicine

Adtalem Global Education, the parent company of the Ross University School of Medicine, chose Barbados as the new permanent home of Ross University School of Medicine because of:

- the government's pro-business stance and policies
- Prime Minister, Mia Mottley's leadership, sense of urgency, and commitment to assist businesses in relocating to Barbados
- the community of highly educated Barbadians with technology and customer service skills
- international airlift and domestic services and facilities available to our academic communities.

In addition to the factors that made Barbados attractive to the Ross University School of Medicine, Adtalem Global sees Barbados as a natural location for our nursing school,

to develop a nursing programme that could serve the entire Caribbean region. In addition, the large number of international financial institutions operating in Barbados make the island an appropriate regional hub for ACAMS - a money laundering prevention organisation with 70,000 members globally and 64 chapters - its newest chapter in Barbados.

Finally, the vibrant community and culture of Barbados makes it a perfect home for hundreds of students, faculty, employees and their friends and families. We are proud to call Barbados both a business partner and a second home.