



Via Electronic Submission

Regulatory Authority
Cumberland House
3rd Floor
1 Victoria Street
Hamilton HM 11
Bermuda

July 26, 2013

Attn: Philip Micallef, Chief Executive Officer

**Re: LinkBermuda Ltd. (“Link”) and Quantum Communications Limited (“Quantum”)
Response to Consultation: Administrative Rules Matter C13/409 (“Consultation”)**

Dear Mr. Micallef:

Link and Quantum are pleased to provide their consolidated comments to the Regulatory Authority’s Consultation. We fully agree with your observation that a conflict of interest and gifts and hospitality code of conduct is necessary to establish and maintain the Regulatory Authority’s reputation for impartiality, integrity and high professional standards. Industry must be able to confidently rely on the Regulatory Authority (“RA”) Commissioners and staff to safeguard valuable information regarding its business affairs. Both the public and Industry are entitled to know that there are rules in place to help ensure that Government serves as an “honest broker” in the administration of public policy.

We have provided the attached markup of the “Draft Conflict of Interest and Gifts and Hospitality Policy,” which Link and Quantum fully endorse. Many of the proposed changes are self-explanatory. Proposed substantive changes are supported below:

1. Whilst RAA Section 31 is limited to “adjudication or public consultation” it seems sensible for the RA to embrace a policy that extends the protections of this conflict of interest policy to all RA substantive rulings/decisions and investigations. It makes no sense that the policy would afford protections in the context of a public consultation process, but not a general determination, administrative determination, advisory guidance or investigation. Surely, the interests of guarding against the harm of a conflict of interest does change in those situations. Thus, we propose the following comprehensive list of RAA terms involving circumstances where we believe the Board should review for Commissioner and staff real or apparent conflicts of interest: “any RA adjudication, public consultation, administrative determination, general determination, advisory guidance or investigation.”

2. With respect to the Declaration Form there is a requirement for RA Commissioners and staff to indicate whether a listed shareholding constitutes greater than 25% interest in the referenced entity. The Consultation doesn't address how this disclosure will be used by the RA. Presumably it is one of many factors that would be part of a conflict analysis as share ownership clearly has the potential of influencing a shareholder's advice and recommendations, including financial impact (gain or loss) and the level of management influence/control. We propose that it be made clear that a 25% share ownership threshold shall not be deemed determinative of whether a conflict (actual or real) exists or whether remedial action is needed. Whilst we agree that the level of ownership could be relevant in a conflict analysis, we propose that 25% is too high and that alarm bells should ring at a much lower percentage; < 5%.

3. With respect to the Declaration Form we believe that in addition to directorships held in the prior 2 year period, any employment/consulting arrangements should also be disclosed.

4. We propose using the exact terms "RA Commissioners and staff" in the policy as these are RAA defined terms and it may cause confusion if other terms, e.g., "employee" are used instead.

Should there be any questions regarding this submission please direct them to the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Gentemann', written over a horizontal line.

Lin Gentemann
Chief Legal Counsel