

October 15, 2026

Policy Department
Bermuda Monetary Authority
BMA House, 43 Victoria Street
Hamilton HM 12, Bermuda
By email: policy@bma.bm

Re: Consultation Paper, The Responsible Use of Artificial Intelligence in Financial Services in Bermuda (14 August 2026)

Dear Sir or Madam,

The International Council for Derivative Trading (ICFDT) submits this response to the Authority's Consultation Paper of 14 August 2026 and the proposed Guidance Note on the Responsible Use of Artificial Intelligence in Bermuda's Financial Services Sector (the GN).

ICFDT is a credentialing body for professionals in investment and derivative markets. It issues the Chartered Financial Intelligence Architect (CFIA), a designation for investment professionals who govern and oversee the use of artificial intelligence in investment workflows, and the Certified Futures and Options Analyst (CFOA), a certification in derivatives. The CFIA is awarded on a 200-question proctored examination against a published body of knowledge that covers, among other domains, model risk management, AI governance frameworks, explainability, and AI vendor due diligence.¹ Every CFIA charterholder is listed in a public registry through which an employer, client, or regulator can verify a charter by name or charter number without an account.² Charterholders must complete 20 hours of continuing professional development each year and commit in writing, at initial charter and at every renewal, to a Code of Professional Conduct. Any member of the public may file a complaint, which is reviewed by a Professional Conduct Panel with sanctions up to revocation.³ ICFDT is not regulated by the Authority and does not conduct regulated activity in Bermuda.

ICFDT confines this response to one element of the GN: the competence of the individuals on whom a regulated entity relies to oversee material AI use cases, as it arises in Section 12 (paragraph 60), Section 21 (paragraphs 106 to 109), Section 4 (paragraph 25), and Section 23 (paragraphs 115 and 118). This bears on each of the three questions at paragraph 48 of the Consultation Paper. ICFDT takes no position on the GN's treatment of data governance, cybersecurity, operational resilience, AML/ATF, or conduct of business.

ICFDT discloses its interest at the outset. It issues credentials, and guidance that gives evidentiary weight to qualifications could benefit it. The argument below is therefore framed so that it does not depend on any particular credential, including ICFDT's own. The language proposed in Part VI treats qualifications as one of three equivalent forms of evidence, names no designation, and asks the Authority to endorse none.

Summary of Position

1. ICFDT supports the Authority's principles-based approach, its use of the AI use case as the primary unit of analysis, and its decision not to create a separate approval regime.
2. The GN makes the competence of the overseer a condition of relying on human oversight as a control (paragraph 60), and the Authority may request evidence of oversight arrangements (paragraph 115). The GN does not indicate what would evidence that competence. Of the elements paragraph 60 lists, competence is the only one that cannot be established by inspecting a document, procedure, or workflow.
3. The distinction that gives competence evidentiary content is between competence that has been assessed and can be confirmed by someone other than the individual or the entity, and competence evidenced only by training attendance or self-description. The Authority can draw that distinction without requiring, approving, or endorsing any qualification.
4. The evidence expected should scale with the materiality and risk of the use case under Annex C, and should attach to the individuals actually relied upon, including group or external personnel used under paragraphs 95 and 109.

I. The Use-Case Approach Is Sound

ICFDT supports the Authority's decision to provide clarity through guidance rather than through a separate approval regime, and its choice of the use case as the primary unit of analysis (Consultation Paper paragraph 11; GN paragraph 9). The same model can support

an internal meeting summary and an input to a fair valuation, and only a use-case lens distinguishes the two. ICFDT also supports the statement in GN paragraphs 57 and 61 that human oversight does not require review of every AI-supported output. A requirement for universal review would be ignored in practice and would draw attention away from the use cases that matter.

II. Competence Carries Weight in the GN but Has No Evidentiary Standard

The GN relies on human oversight as a control throughout, and it makes the competence of the overseer a condition of that reliance. GN paragraph 60 provides that oversight relied upon as a control should be capable of meaningful challenge, which may include appropriate authority, competence, information, intervention time, escalation routes, and awareness of automation bias. The glossary in Annex A defines human oversight by reference to an appropriately placed person with relevant information, competence, and authority. GN paragraph 25 sets a parallel expectation of understanding for board members and senior management.

Most of the elements in paragraph 60 can be evidenced by inspection. Authority is documented in delegations and terms of reference. Information and escalation routes appear in procedures and system design. Intervention time is a property of the workflow. Competence is the exception. It is a property of a person, and the GN gives an entity no indication of what would demonstrate it.

This matters because GN paragraph 115 lists human oversight arrangements among the information the Authority may request, and GN paragraph 118 contemplates the Authority assessing whether available information is sufficient to demonstrate compliance for material use cases. An entity asked to show that the reviewer of a material AI use case is competent to challenge it currently has three sources: the reviewer's job title, a record that the reviewer attended training, and management's opinion. The first describes a role. The second describes exposure. The third is the judgment the Authority is seeking to test.

The likely result is that entities will reproduce the word "competence" in their AI policies and support it with attendance logs. The control will exist on paper. Where automation bias is the risk the control is meant to address, a reviewer who cannot independently evaluate a model's output will tend to approve it, and the entity's records will still show a human in the loop.

III. Training Attendance and Assessed Competence Are Different Kinds of Evidence

GN paragraph 106 addresses capability through AI literacy and role-specific training, aligned with existing training requirements. ICFDT agrees that broad literacy is the right expectation for most staff and for productivity tools governed at platform level under GN paragraph 33.

A different question arises for the smaller group of individuals on whom an entity relies as the control for a material or higher-risk use case. Examples include the reviewer who signs off on AI-supported valuation inputs, the officer who approves the permissions of an agentic system under GN paragraph 74, and the person responsible for testing and output review of a vendor model under the compensating controls in GN paragraph 92.

For these individuals, the relevant distinction is between competence that has been assessed and can be confirmed by a party other than the individual or the entity, and competence that has only been asserted. Assessment can take several forms. It may be an internal or group assessment against documented criteria. It may be an assessment by a suitably qualified external party, of the kind Annex A already contemplates for assurance reviews. It may be a qualification awarded on examination by an issuing body that allows third-party verification and maintains a process for withdrawal. Each produces evidence that exists independently of the individual's own description. A completion certificate for a module on which the individual was not examined does not.

IV. The Bermuda Context Makes the Question More Pressing

Two features of Bermuda's market, both identified in the Consultation Paper, increase the importance of this point. First, many regulated entities rely on group-provided AI, and GN paragraphs 95 and 96 require the Bermuda entity to retain sufficient local oversight to understand the purpose, limitations, and risk profile of the use case. Local oversight of a group model is only as effective as the local overseer's ability to challenge it, and that ability does not transfer with the group framework.

Second, GN paragraph 109 permits smaller entities to use external or group resources. ICFDT supports this. Where an entity relies on an external person to provide the effective challenge the GN requires, the entity is in the same position as with any other third-party provider under Section 18: it remains accountable and should be able to evidence the basis for its reliance. Paragraph 34 of the Consultation Paper records that the Authority's 2022 survey identified expertise as a challenge across the insurance market. The GN is the appropriate place to indicate what evidence of expertise looks like.

V. An Additional Example for Investment Business (Paragraph 48(c))

In response to paragraph 48(c), ICFDT suggests one further entry under Funds and investment business in Annex D. Where an entity uses machine learning or GenAI to produce research summaries, screening outputs, or fair valuation support that feed portfolio or NAV

decisions, a heightened consideration is whether the reviewer can identify failure modes specific to investment use. These include look-ahead bias in backtests, training data that overlaps the evaluation period, and summaries that are faithful in form but omit material qualifications in the source document. None of these is visible to a reviewer whose only preparation is general AI literacy. The example would show how the human oversight dimension of Annex C interacts with use-case materiality in practice.

VI. Recommended Guidance Language

ICFDT suggests that the following text, or text to the same effect, be added to Section 12 after paragraph 60, with a cross-reference in Section 21:

Where human oversight is relied upon as a control for a material or higher-risk AI use case, a regulated entity should consider how it would evidence the competence of the individuals performing that oversight, proportionate to the materiality and risk of the use case. Relevant evidence may include documented role-specific assessment against defined criteria, assessment by a suitably qualified external party, or a professional qualification awarded on examination that a third party can confirm at the time of review, where the issuing body maintains a process under which the qualification may be withdrawn. A record of training attendance without assessment may not on its own demonstrate competence for this purpose. No particular qualification or training provider is required or endorsed.

ICFDT emphasizes what this language does not do. It creates no qualification requirement, favors no designation, and does not ask the Authority to approve or recognize any credential, including ICFDT's own. It lists qualifications as one of three equivalent forms of evidence, consistent with the illustrative and non-exhaustive character of the GN (paragraph 5), and leaves the choice among them to the entity.

VII. Recommendations

1. Finalize the GN on its current principles-based, use-case basis, without a separate approval regime.
2. Add the language in Part VI, distinguishing assessed and independently confirmable competence from training attendance for individuals relied upon as controls on material or higher-risk use cases.
3. In Annex C, add the competence of the overseer as an indicator under the Human oversight dimension. Lower intensity would apply where competence is documented and assessed. Enhanced governance would apply where reliance rests on attendance-based training or where the overseer's competence cannot be evidenced.
4. Confirm in Section 18 or Section 21 that where an entity relies on group or external personnel to provide effective challenge, it should be able to evidence the basis for that reliance.
5. Add the investment business example in Part V to Annex D.
6. State expressly that the GN does not require, approve, or endorse any professional qualification.

ICFDT appreciates the opportunity to respond and is available to the Authority's staff on any point raised here. ICFDT has no objection to this response being published or attributed.

Respectfully submitted,

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¹ The CFIA Body of Knowledge is published at <https://icfdt.com/wp-content/uploads/2026/08/CFIA-Body-of-Knowledge-BOK.pdf>.

² The CFIA Charterholder Registry is available at <https://icfdt.com/cfia-registry/>. The CFIA is also listed in FINRA's Professional Designations database at <https://www.finra.org/investors/professional-designations/cfia>.

³ The CFIA Code of Professional Conduct is published at <https://icfdt.com/cfia-conduct/>.