



## **FURTHER MEASURES FOR THE SIMPLIFICATION AND RELAXATION OF EXCHANGE CONTROL ADMINISTRATIVE ARRANGEMENTS FOR CURRENT & CAPITAL ACCOUNT TRANSACTIONS**

**20 March 2024**

### **I. OVERVIEW**

1. In keeping with its continued commitment to the gradual liberalisation of Exchange Controls, the Central Bank (“CBOB”) is undertaking several further reforms to Exchange Control administration, after consultation with the Minister of Finance. The adjustments, except for the Investment Currency Market (ICM), would take effect on 1<sup>st</sup> April, 2024. Those impacting the ICM would take effect on 1<sup>st</sup> June, 2024.
2. Over the years, the Central Bank, in consultation with the Minister of Finance, has gradually increased the delegated authority of commercial banks (Authorised Dealers) to approve payments for various categories of current account transactions; gradually increased the access of Bahamians to both inward and outward facing investment transactions; and liberalized the ease with which non-residents (particularly foreign investors) transact with the domestic economy. Liberalisation measures continue to be paced against outcomes that are sustainable and manageable, given the overriding importance of maintaining adequate foreign reserves to safeguard the Bahamian dollar fixed exchange rate.
3. On the whole, the 2024 measures are expected to result in improved efficiencies for both residents and temporary residents (work permit holders). For residents, the measures further reduce the requirement for prior approvals from the Central Bank for a range of payments, on transactions on both the current account (trade related payments and transfers) and the capital & financial account (investments). For temporary residents, added ease is provided in obtaining certain local currency products and services provided by commercial banks. For non-residents, residential real estate transactions will be further distanced from exchange control vetting

### **II. CURRENT ACCOUNT TRANSACTIONS**

4. The Central Bank will delegate authority to commercial banks and money transmission businesses to approve of the following additional current account transactions. Presently, these either partially or in full, have less scope to be approved by commercial banks.
  - a. Insurance premium payments to non-resident beneficiaries – up to the amount on the policy.\*

- b. Pension payments to non-residents (extended coverage) – up to the amount on the policy (up to \$1,000,000).\*
- c. Royalty payments (franchise related) – up to the amount on the bill.\*
- d. Gifts to non-residents increased from \$15,000 to \$100,000 per transaction.
- e. Support payments (other than those under court order) – up to \$100,000.\*
- f. Travel (group/business) – increased from \$15,000 to \$100,000/trip with valid passport/ticket/business licence/official letter (cash transactions still limited to \$15,000)
- g. Rental payments to non-Bahamians and/or their companies – up to the amount on lease.\*
- h. Bahamian Dollar credit cards for holders of work visas – Temporary Residents who qualify for a B\$ credit card may obtain one.\*
- i. Foreign payments for transportation and accommodation booked through Bahamian travel agencies – up to the amount on the bill.\*
- j. External Bahamian Dollar account transactions (refunds/reimbursements) – up to the total refund.\*

Note: The highlighted transactions (\*) are now approved in full by the Central Bank.

### III. CAPITAL ACCOUNT TRANSACTIONS

- 5. The following capital account relaxations are scheduled to take effect :
  - a. Investment Currency Market purchases—up to \$100,000 per annum for individuals.\*
  - b. Transactions involving nominee shares transfers – no prior approval required (where there is no change in beneficial ownership of the company), however the CBOB should be notified in writing.\*
  - c. Purchases or sale of non-residential/mixed used real estate by, from or to non-residents (extended coverage) – foreign currency financed transactions may conclude without reference to CBOB. However, property purchases associated with development projects (including multi-residential projects) and property purchases that include local financing (inclusive of mortgage back arrangements) must still be approved by the CBOB.\*
  - d. Prerequisite condition for Bahamians to access foreign currency financing – there is no longer a requirement to produce refusal letters from local Authorised Dealers.
  - e. Overdraft facilities for “resident” designated businesses – these facilities may be provided by an Authorised Dealer provided the underlying account has been approved by CBOB.\*



## VIII. 2024 FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION

### A. Background

In the context of its strategic focus for the years 2022-2025 and in collaboration with the Government of The Bahamas, particularly the Ministry of Finance, the Central Bank of The Bahamas (“CBOB”) is undertaking further liberalisation of the Exchange Control (“EC”) regime. With the exception of the Investment Currency Market reform, these take effect 1<sup>st</sup> April, 2024. The relaxation cover a range of current and capital account items, including the easing of rules for non-resident real estate transactions; easier access of residents to foreign currency financing from overseas; and more streamlined approvals of payments for gifts to non-residents, insurance remittances, travel, and franchise royalties. The Central Bank is also introducing a more simplified process for locals wishing to invest overseas via the Investment Currency Market (“ICM”), which would take effect on 1<sup>st</sup> June, 2024, in order to establish the additional administrative and reporting mechanisms that are needed for Authorised Dealers (“commercial banks”).

The reform measures represent yet another phased liberalisation, balancing the objectives of improved administrative processes and deepened capital market access, against preserved sustainability of the Bahamian dollar fixed exchange rate.

For the remainder of 2024 and 2025, the CBOB will continue to focus on the following: deeper stakeholder engagement on capital account liberalisation and capital flow management policies; more visible and better promotion of the quality of the regulatory regime impacting financial commercial bank’s delegated responsibilities; and strengthened public relations capacity in the policy and technical work streams inside the CBOB, relating to the accumulated policies on Exchange Control.

**Effective date:** 1<sup>st</sup> April 2024

**Categories covered:**

**Capital Items:**

- Transactions involving nominee shares
- Purchases or sale of real estate by, from or to non-residents (extended coverage)
- Bahamians' access to foreign currency financing
- Overdraft facilities

**Current Items:**

- Insurance payments to non-resident beneficiaries
- Pension payments to non-residents (extended coverage)
- Royalty payments (franchise related)
- Gifts to non-residents
- Support payments (other than those under court order)
- Travel (group/business)
- Rental payments to non-Bahamians and/or their companies
- Bahamian Dollar credit cards for holders of work visas
- Foreign payments for transportation and accommodation booked through Bahamian travel agencies
- External Bahamian Dollar account transactions (refunds/reimbursements)

**Effective date:** 1<sup>st</sup> June 2024

- Bahamians' foreign investments abroad



FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

**B. CURRENT ACCOUNT MEASURES**

Transaction	Current Measure	New Measure	Administrative Details	Governing Policy and relevant Central Bank of Bahamas Website Link
a) Gifts (Payable to non-resident individuals, church or charitable organizations only)	Reference to CBOB required for amounts above \$15,000	Reference to CBOB required for amounts above \$100,000	<ul style="list-style-type: none"> <li>Enhanced due diligence is advised for Authorised Dealers</li> </ul>	EC Notice 13, and as subsequently amended by public documents <a href="#">Exchange Control Regulations EC 13 Cash Gifts- Central Bank of the Bahamas (centralbankbahamas.com)</a>
b) Travel Business/Professional/Groups	\$15,000/trip with valid passport/ticket/business licence or official letter	\$100,000/trip with valid passport/ticket/business licence/official letter (cash transactions still limited to \$15,000)	<ul style="list-style-type: none"> <li>Subject to due diligence and AML standards and internal policies and practices of relevant Authorised Dealer. \$15,000 cash conversion limit is maintained and funds are still not to be used for imports.</li> <li>Credit card usage may not result in specified limits being exceeded, without the prior approval of CBOB</li> </ul>	EC Notice 9, and as subsequently amended by public documents
c) Conversion of B\$ for Insurance Premiums	Prior CBOB approval required	Delegated to authorised dealers up to amount on invoice presented	<ul style="list-style-type: none"> <li>Relevant invoices/contracts must be provided to Authorised Dealers</li> <li>Authorised Dealers can expect Increased monitoring by the Exchange Control Department</li> </ul>	EC Notice 11 <a href="#">EC 11 (centralbankbahamas.com)</a>
d) Conversion of B\$ for Insurance Claims (e.g., death benefits, accident claims, etc.) to non-residents by	Prior CBOB approval required	Delegated to authorised dealers up to amount on policy (up to \$1,000,000.00)	<ul style="list-style-type: none"> <li>Relevant invoices/contracts must be provided to Authorised Dealers</li> <li>Authorised Dealers may expect Increased monitoring by the Exchange Control Department</li> </ul>	EC Notice 11 <a href="#">EC 11 (centralbankbahamas.com)</a>



FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

resident insurance companies				
e) Conversion of B\$ for Royalty Payments	Prior CBOB approval required	Delegated to authorised dealers up to amount on bill	<ul style="list-style-type: none"> <li>Franchise agreement and invoice from franchisor must be provided to Authorised Dealer. This transaction is distinct from theatrical, literary, gramophone, musical, mechanical, manufacturing royalties, that are already delegated (see <a href="#">2019-06-18-06-12-40-Revised-Current-Account-Measures.pdf (centralbankbahamas.com)</a>) Sundry Payments item h.)</li> </ul>	<p>EC Notice 12</p> <p><a href="#">EC 12 (centralbankbahamas.com)</a></p>
f) B\$ Credit Cards to Temporary Residents	Prior CBOB approval required	Temporary Residents that qualify for a B\$ credit card may obtain one	<ul style="list-style-type: none"> <li>Same qualifying criteria as required for a B\$ loan.</li> <li>Some banks may not be clear on this, but this is the case now. If an individual or company qualifies for a B\$ loan, they may obtain a B\$ credit card without reference to the Central Bank. This includes companies designated resident that have some level of Bahamian ownership, temporary residents, and economic residents. The purposes and maximum limits would still be governed by existing rules/policy, e.g. economic residents may not use B\$ credit card for capital transactions without prior approval of Central Bank; temporary residents may not use for purchases of property other than owner-occupied homes with a cap of \$400,000.00 etc.</li> <li>Non-residents should still be restricted from having access to local currency credit.</li> </ul>	<p>EC Notice 8</p> <p><a href="#">EC 8 (centralbankbahamas.com)</a></p> <p><a href="#">2019-06-25-10-11-49-Exchange-Controls---Revised-Current-Account-Measures.pdf (centralbankbahamas.com)</a> (Item 5.e.)</p>



## FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

<p><b>g)</b> Pension Payments to Non-Residents</p>	<p>Prior CBOB approval required</p>	<p>Delegated to authorized dealers</p>	<ul style="list-style-type: none"> <li>• Evidence of Exchange Control status must be clear and documented</li> <li>• Will be comparable to the arrangements put in place for NIB payments.</li> </ul>	<p>See Communication re: NIB Payments</p>
<p><b>h)</b> Support Payments (e.g. alimony/child support. All- i.e. under court order or not)</p>	<p>Prior CBOB approval required for payments not under court order</p>	<p>Delegated to authorised dealers up to \$100,000</p>	<ul style="list-style-type: none"> <li>• Evidence of Exchange Control status of recipient must be clear and documented.</li> </ul>	<p>EC Notice 12 <a href="http://centralbankbahamas.com">EC 12 (centralbankbahamas.com)</a></p>
<p><b>i)</b> Reconversion of funds inadvertently converted to Bahamian Dollars</p>	<p>Prior CBOB approval required</p>	<p>Authorised Dealers may handle without reference to CBOB, up to \$100,000</p>	<ul style="list-style-type: none"> <li>• Administrative details to be finalised with EC Sales monitoring team.</li> <li>• This does not apply to inadvertent conversions for transactions that require the prior approval of the Central Bank of The Bahamas (e.g company share transactions between non-residents, non-delegated property transactions)</li> </ul>	
<p><b>j)</b> Remittances for car rental and hotels booked through Bahamian-owned travel agencies</p>	<p>Prior CBOB approval required</p>	<p>Delegated to authorized dealers</p>	<ul style="list-style-type: none"> <li>• Regularises practice that is already in place.</li> <li>• New category code may be proposed in collaboration with authorised dealers.</li> </ul>	<p>EC Notice 9, and as subsequently amended by public documents <a href="http://centralbankbahamas.com">EC 9 (centralbankbahamas.com)</a></p>
<p><b>k)</b> Rental Payments to Non-Residents</p>	<p>CBOB approval required</p>	<p>Delegated to authorized dealers up to amount on lease</p>	<ul style="list-style-type: none"> <li>• May be made in B\$ and application for conversion is made by property owner, providing passport, evidence of ownership, lease agreement and Investments Board permit.</li> </ul>	<p><a href="http://centralbankbahamas.com">The Central Bank Amends Exchange Control Policy on Non-Resident Operation of Bahamian Dollar Deposit Accounts- Central Bank of the Bahamas (centralbankbahamas.com)</a></p>



## FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

l) Standby Letters of Credit, Customs Bonds	Prior CBOB approval required	Clarify delegation to authorised dealers		EC Notice 8 <a href="http://centralbankbahamas.com">EC 8 (centralbankbahamas.com)</a>
m) Refunds to External B\$ account (e.g. for utilities reimbursements/salary adjustments)	CBOB approval required	Delegated to authorized dealers	<ul style="list-style-type: none"><li>• Evidence of refund must be provided.</li><li>• Exchange Control Department will seek to increase Authorised Dealers' awareness of the proper use and purpose of External B\$ accounts, so that customers may also be better informed in decision making..</li></ul>	EC Notice 7 <a href="http://centralbankbahamas.com">EC 7 (centralbankbahamas.com)</a>



FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

C. CAPITAL ACCOUNT MEASURES

Transaction	Current Measure	New Measure	Comments	Governing Policy
a) Conversion of B\$ for Investment Abroad via ICM	Prior CBOB approval required.	<p><b>1) Individuals: With effect from June 1<sup>st</sup>, 2024:</b></p> <p>Delegated to Authorised Dealers up to \$100,000 per individual investor; subject to appropriate documentation of the investment account/facility.</p> <p><b>2) Institutions and Accredited Investors:</b></p> <p>Access is subject to CBOB approval, and may be subject to utilization over a period that exceeds on year.</p>	<ul style="list-style-type: none"> <li>Contract with service provider/evidence (e.g., sales agreement, trading portfolio) of proposed investment must be provided. Authorised Dealer must monitor and report on sales, in the format prescribed by the Central Bank.</li> <li>Investments must be funded from non-borrowed resources.</li> </ul> <p>Note: "Accredited Investors" has the meaning defined by the Securities Commission of the Bahamas.</p>	<p>EC Notice 9</p> <p><a href="https://www.centralbankbahamas.com/EC-9">EC 9 (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/Residents-Investments-in-Foreign-Currency-Assets-Central-Bank-of-the-Bahamas">Residents Investments in Foreign Currency Assets- Central Bank of the Bahamas (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/Investment-Currency-Market-Central-Bank-of-the-Bahamas">Investment Currency Market- Central Bank of the Bahamas (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/Transfer-of-Investment-Currency-Market-Transactions-to-Commercial-Banks-Central-Bank-of-the-Bahamas">Transfer of Investment Currency Market Transactions to Commercial Banks- Central Bank of the Bahamas (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/2021-11-01-17-11-11-WEBSITE-PRESS-RELEASES-Authorised-Agents-Operation-of-Foreign-Currency-Denominated-Trading-Accounts-on-behalf-of-Residents.pdf">2021-11-01-17-11-11-WEBSITE-PRESS-RELEASES Authorised-Agents-Operation-of-Foreign-Currency-Denominated-Trading-Accounts-on-behalf-of-Residents.pdf (centralbankbahamas.com)</a></p>
b) Overdraft facilities	Prior CBOB approval required	Delegated to authorized dealers (once underlying account has been approved by CBOB)	<ul style="list-style-type: none"> <li>Banks may be relied upon to handle such facilities in accordance with standard good banking practices and prudential regulations re: BSD</li> </ul>	<p>EC Notice 8</p> <p><a href="https://www.centralbankbahamas.com/EC-8">EC 8 (centralbankbahamas.com)</a></p>



FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

C. CAPITAL ACCOUNT MEASURES

Transaction	Current Measure	New Measure	Comments	Governing Policy
			<ul style="list-style-type: none"> <li>The existing measure, while rooted in the letter of the law (regulations), borders on intrusive and interfering</li> </ul>	
c) Letters of Refusal for Bahamians/Residents seeking foreign currency financing for businesses	Two letters of refusal from authorized dealers required	Removal of requirement		<p><a href="https://www.centralbankbahamas.com/view/PDF/documents/2019-06-19-05-01-01-Exchange-Control-Liberalisation-Measures-.pdf">2019-06-19-05-01-00-Press-ReleaseExchange-Control-Liberalisation-Measures.pdf (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/view/PDF/documents/2019-06-19-05-01-01-Exchange-Control-Liberalisation-Measures-.pdf">https://www.centralbankbahamas.com/view/PDF/documents/2019-06-19-05-01-01-Exchange-Control-Liberalisation-Measures-.pdf</a></p> <p>In exceptional cases, the Central Bank has authorized firms to seek foreign currency funding when the evidence was provided that funding in local currency was refused on at least three occasions.</p>
d) Non-Resident Property Transactions (without local foreign currency financing)	Prior CBOB approval required for non-residential/mixed use/vacant land property transactions	Delegated to authorised dealers	<ul style="list-style-type: none"> <li>Reference to CBOB should still be required for property purchases associated with development projects (including multi-residential projects)</li> </ul>	<p><a href="https://www.centralbankbahamas.com/view/PDF/documents/2021-02-19-11-32-54-Guidance-to-banks---residential-property-liberalization-Oct.-2019.pdf">2021-02-19-11-32-54-Guidance-to-banks---residential-property-liberalization-Oct.-2019.pdf (centralbankbahamas.com)</a></p> <p><a href="https://www.centralbankbahamas.com/view/PDF/documents/2021-02-19-11-34-45-Annexes---residential-property-liberalization-Oct.-2019.pdf">2021-02-19-11-34-45-Annexes---residential-property-liberalization-Oct.-2019.pdf (centralbankbahamas.com)</a></p>



FURTHER LIBERALIZATION OF EXCHANGE CONTROL ADMINISTRATION (2024)

**C. CAPITAL ACCOUNT MEASURES**

Transaction	Current Measure	New Measure	Comments	Governing Policy
				<a href="https://www.centralbankbahamas.com/2019-09-13-23-39-42-Press-Release.pdf">2019-09-13-23-39-42-Press-Release.pdf (centralbankbahamas.com)</a>  <a href="https://www.centralbankbahamas.com/2019-09-13-23-39-59-Liberalization-of-Exchange-Control-on-Residential-Property-Transactions.pdf">2019-09-13-23-39-59-Liberalization-of-Exchange-Control-on-Residential-Property-Transactions.pdf (centralbankbahamas.com)</a>
e) Transfers of nominee shares in resident and/or non-resident designated companies	Prior CBOB approval required	No prior approval required (where there is no change in beneficial ownership of the company)	<ul style="list-style-type: none"> <li>CBOB must be notified and supporting documentation provided (share certificate/declaration of trust)</li> </ul>	Exchange Control Regulations, Part III (Securities)

**D. Balance of Payments Implications and Monitoring**

The CBOB has carefully evaluated the balance of payments (“BOP”) risks involved with the proposed reforms. The impact net foreign exchange outflows is not expected to increase to any material degree for the Bahamian economy. Additionally, through the reporting requirements in place for commercial banks the CBOB is able to monitor relevant transactions statistically, to inform any policy adjustments that might be needed from time to time.