



## Press Release

12 April, 2017

### Central Bank Prepares the Administrative Process for Liberalised Exchange Control Measures

The Central Bank is providing the public with an update on the administrative preparations for the introduction of the Exchange Control liberalisation measures announced on 29<sup>th</sup> March, 2017. These measures will take effect on 24<sup>th</sup> April, 2017.

Today the Bank is publishing the application requirements for either local businesses or individuals wishing to make use of foreign currency financing for investment activities. In the coming weeks, an automated and secure online system will be introduced for these and all other foreign investment applications, which are processed through the Central Bank. The Bank is also releasing a detailed outline of the framework that will apply for non-residents, who make investments in real estate in The Bahamas.

For businesses seeking access to foreign currency financing, whether through equity, unsecured debt, or secured debt, the application procedures will require information such as the following:

- ) Details of the proposed investment transaction, including the financing amount and the source of the funding;
- ) The projected timeline for the utilisation of the financing sought; and eventual evidence of the amount of financing utilised; and
- ) Background particulars on the companies or individuals involved in the transactions

The investors and the business public are encouraged to fully satisfy the information requirements on their initial submissions to the Exchange Control Department, in order for their applications to be promptly processed. For complete submissions, the Bank has a targeted turnaround time of five working days. Under the online system, which will undergo significant fine-tuning in the coming months, the Bank will be receiving applications in standardized formats, and will provide more real-time feedback on the completeness of submissions, with the further aim of speeding up the process.

There are some very important reasons for requesting the information which the Bank outlines. These align either fully with the Exchange Control Regulation requirements or they allow the Bank to ensure adherence to the Government's foreign investment policy framework.

- ) First, the Central Bank must continue to be in a position to determine that the investments fall within the range of sectors and activities pre-approved by the Government.
- ) Second, the Bank must be able to verify the identity and nationality of all persons who have material interest in either the entities seeking funding or the entities providing funding. This also means uncovering the individuals who are the ultimate beneficial owners of the entities behind the

transactions. This line of enquiry would only be relaxed in the case of public companies, with publicly available share registers.

- J Third, the Bank must be able to confirm the actual amount of financing used in the transaction. This establishes the business' right to be able to get subsequent approvals to purchase foreign currency through commercial banks to service their external obligations. This also feeds into the compiled statistics on foreign investment activity in The Bahamas.
- J Finally, the information is provided to also allow the Central Bank to assess whether any adverse reputational risk is posed to The Bahamas, from any proposed investment transaction. In the case of suspicions concerning money laundering or illegal activities, the Exchange Control Department is obligated to refer the matter to local law enforcement agencies for further investigation.

The Central Bank will make continuous improvements to the application process over the coming months, in the interest of transparency and expediency.

10 April, 2017