

NOTICE TO AUTHORIZED DEALERS
AND AUTHORIZED AGENTS

EXCHANGE CONTROL REGULATIONS ACT 1952

This Notice is one in an administrative series issued by The Central Bank of The Bahamas to draw attention to the Regulations made under the Exchange Control Regulations Act, 1952 and the Exchange Control Regulations 1956, and to give certain exemptions, permissions, authorities and directions, and imposes certain obligations upon those concerned. This Notice also takes account of the fact that the Scheduled Territories include The Commonwealth of The Bahamas only.

EXEMPTION

This issue comes into effect 1st March, 1976 and supersedes those which were previously issued.

INTRODUCTION

1. This Notice deals with the application of the Exchange Control Regulations 1956 to persons who come to The Bahamas to take up established residence and is permitted to engage in gainful employment, and persons residing and, who have been employed in The Bahamas for the past ten years. It describes the exemption from obligations under the Regulations given to such persons and the circumstances in which people who are, or who became, resident in the Bahamas for Exchange Control purposes may apply for exemption from certain of those obligations.

OBLIGATIONS OF PERSONS WHO BECOME RESIDENT IN THE BAHAMAS

2. When Authorized Dealers and Authorized Agents advise persons who became resident in the Bahamas for Exchange Control purposes of their obligations under the Exchange Control Regulations 1956, it is important that, if a customer is a national or citizen of a country outside The Bahamas, he should be advised that he may be eligible for exemption from certain provisions of the Regulations in respect of particular foreign currency assets.
3. Persons who became resident in the Bahamas for Exchange Control purposes and do not apply for, or have been refused, exemption should:
 - (a) Offer for sale to an Authorized Dealer, at current market rate in the official foreign exchange market, all foreign currency cash balances and notes held by them or on their behalf;
 - (b) offer for sale at appropriate current market prices any holdings of gold bullion to an Authorized Dealer;
 - (c) arrange for the certificates of title to all foreign currency securities to be deposited with, or if kept abroad, held to the order of an Authorized Agent;
 - (d) offer for sale to an Authorized Dealer at current market rate in the official foreign exchange market, any foreign currency receipts including income or capital proceeds derived from properties outside The Bahamas.

NOTE 1 Where a residential property for private use outside The Bahamas was beneficially owned by persons at the date on which they became resident in The Bahamas and is sold two years or more after that date The Central Bank of The Bahamas would be prepared, on application, to consider whether or not the sale proceeds might be treated as investment currency. Applicants should indicate the extent to which they have occupied the property since becoming resident in The Bahamas and the date and circumstances of acquisition of the property.

NOTE 2 The Central Bank of The Bahamas would also be prepared to consider applications for investment currency treatment of foreign currency securities held

by persons who became resident in The Bahamas, provided the securities were held by an Authorized Agent for a period of two years after the date on which they became resident in The Bahamas.

ELIGIBILITY FOR EXEMPTION

4. As from the date of this Notice, The Central Bank of The Bahamas will consider applications for exemption, made in accordance with the terms of paragraph 9, by persons who are resident in The Bahamas for Exchange Control purposes and who possess the nationality or citizenship of a country which is outside The Bahamas. Any exemption given on this basis will normally be conditional on the applicant retaining the nationality or citizenship of a country outside The Bahamas.
5. The Central Bank of The Bahamas will consider applications by foreign nationals for the exemption described in paragraphs 6 and 7 to be given in respect of assets in their beneficial ownership which are denominated in other foreign currencies. Income and capital accruing to residents of the Bahamas from sources outside The Bahamas will not qualify for exemption unless they derive from exempted assets or represent capital distributions under wills, intestacies or trusts from sources outside The Bahamas.

SCOPE OF EXEMPTION

6. Exemption will normally apply to the following assets denominated in any foreign currency:
 - (a) Cash balances and securities beneficially owned by the applicant at the date on which he became resident in The Bahamas;
 - (b) Cash received from sources outside The Bahamas representing income from, or sale proceeds from, properties outside The Bahamas which were beneficially owned by the applicant at the date on which he became resident in The Bahamas;
 - (c) Any assets acquired by way of capital distributions under wills, intestacies or trusts from sources outside The Bahamas;
 - (d) Any assets which derive from those described in (a), (b), or (c) above, e.g., by way of income from exempted assets, investments of exempted cash balances or by switching exempted securities.
7. Subject to the conditions set out below, persons given exemption may, without formality, retain and make payments from exempted foreign currency and may effect transactions in exempted foreign currency securities. All exemptions given on or after the date of this Notice will be on condition that the persons to whom they are given:

- (a) Do not make payments in foreign currency for account of, or on behalf of, third parties resident in The Bahamas;
- (b) Do not sell exempted foreign currency for Bahamian dollars without having obtained the specific permission of The Central Bank of The Bahamas through an Authorized Dealer except to an Authorized Dealer at current market rate in the official foreign exchange market;
- (c) Do not sell exempted foreign currency securities for Bahamian dollars without having obtained the specific permission of The Central Bank of The Bahamas through an Authorized Agent;
- (d) Deposit with an Authorized Agent the certificates of title to all exempted foreign currency securities held in, or brought into The Bahamas;
- (e) Deposit with, or if held abroad place to the order of, an Authorized Agent, the certificates of title to all foreign currency securities which are not covered by exemption;
- (f) In the event of ceasing to be a national or citizen of a country outside the Bahamas, refer to The Central Bank of The Bahamas giving details of the circumstances in which such nationality or citizenship has been taken away or surrendered.

APPLICATIONS FOR EXEMPTIONS

- 8. All applications for exemption should be made through Authorized Dealers, to The Central Bank of The Bahamas, providing information as indicated in paragraph 9. Before applications are made, Authorized Dealers should advise their customers that the rules for the sale with the benefit of the investment currency premium which apply to exempted foreign currency securities differ from the normal rules applied to foreign currency securities which are not exempt. Authorized Dealers should be satisfied that applicants are informed of the conditions (set out in paragraph 12) which would need to be fulfilled before permission would be given for the sale of exempted securities with the benefit of the investment currency premium.
- 9. Applications for exemption should include the following information:
 - (a) The full name and address of the applicant;
 - (b) The country/countries of nationality or citizenship;
(NOTE) Authorized Dealers must see documentary evidence which confirms that the government of the country concerned regard the applicant as a citizen or national of that country, e.g. his passport, which will confirm the applicant's statement).
 - (c) The applicant's residential intentions;
 - (d) Any special reasons for seeking exemption;

- (e) The date on which the applicant became resident for Exchange Control purposes;
 - (f) A list of all foreign currency assets for which exemptions is sought divided as to:
 - (i) Cash balances held at the date of becoming resident in The Bahamas for Exchange Control purposes and have remained in your possession;
 - (ii) Securities held at the date of becoming resident in The Bahamas for Exchange Control purposes;
 - (iii) Any other assets which have been derived from foreign currency or foreign currency securities which were held at the date of becoming resident in The Bahamas for Exchange Control purposes, e.g. by way of income or investment of cash balances, or from other sources outside The Bahamas since becoming resident in The Bahamas;
 - (g) Details including, the address, in respect of each property held outside The Bahamas and indicating the manner and date of acquisition;
 - (h) A declaration that the information contained in the application is true (the giving of false information in an application is an offence against the Exchange Control Regulations 1956);
 - (i) The stamp, including address of the Authorized Dealer verifying the applicant's signature and confirming that they have sighted evidence that the applicant is a national or citizen of the country/countries outside The Bahamas.
10. Exempted securities held in the Bahamas may be exported by Authorized Agents, either to be held to his own order, or may be delivered into the custody of another Authorized Agent, where no change of beneficial ownership is involved, provided that the delivering Authorized Agent immediately informs the receiving Authorized Agent, in writing, of the name and address of the beneficial owner of the exempted security and how long they have been held in deposit and confirms in writing that they are covered by exemptions.
11. Authorized Agents may manage exempted foreign currency and exempted foreign currency securities within the terms of the exemption given to their customers.

SALE OF EXEMPTED ASSETS WITH THE BENEFIT OF INVESTMENT CURRENCY PREMIUM

12. Applications to sell exempted foreign currency securities with the benefit of the investment currency premium should be made through an Authorized Agent and will be considered provided that:

- (a) The Authorized Agent submitting the application confirms, either from his own record or from documentary evidence produced to him that the certificates of title to securities have been held (or, if held abroad, to the order of) an Authorized Agent for the preceding two years and, during that period, the securities have remained in the beneficial ownership of the applicant as a resident of The Bahamas, and
 - (b) The application is accompanied by a declaration signed by the applicant:
 - (i) Confirming that the securities were in his beneficial ownership at the date when he became resident in The Bahamas, or stating precisely how and when they were acquired, e.g., by switching or by investing exempted cash balances;
 - (ii) Confirming that during the preceding two years all foreign currency income accruing from the securities has been offered for sale to an Authorized Dealer at current market rate in the official foreign exchange market (where supporting evidence should be provided), and
 - (iii) If exemption is given by virtue of the applicant's nationality or citizenship of a country outside The Bahamas, and
 - (iv) Confirming that the applicant's salary is paid in Bahamian dollars, or that, if any part of his salary is payable in foreign currency, such part is converted to Bahamian dollars at current market rate in the official foreign exchange market, and
 - (v) Confirming that, if since the applicant became resident in The Bahamas he has acquired any foreign currency assets which are not covered by the terms of the exemption given to him (e.g. by way of salary, pension or fees received in foreign currency from any source) he has complied with his obligations under the Exchange Control Regulations in respect of those assets by offering foreign currency cash balances for sale to an Authorized Dealer at current market rate, and by arranging for the certificates of title to foreign currency securities to be deposited with or held to the order of an Authorized Agent.
13. Exempted cash balances will not be eligible for sale as investment currency but may be sold to an Authorized Dealer at current market rate in the official foreign exchange market. The Central Bank of The Bahamas will, however, be prepared to consider applications foreign currency arising from the sale of a residential property held for private use outside The Bahamas to be treated as investment currency, provided the property has been held by the applicant, for at least two years after becoming resident in The Bahamas.